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# ***JPRS Report***

## **Near East & South Asia**

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## NEAR EAST &amp; SOUTH ASIA

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## GULF RELATIONS WITH USSR ANALYZED

London AL-TADAMUN in Arabic 2-8 May 87 p 14

[Article by Husayn Karim: "After Soviet Officials' Tour of Gulf: New Course in Gulf-Soviet Dealings"; follow-up to article published in JPRS-NEA-87-063, 11 June 1987, pp 6-9]

[Text] In a previous issue published 25 April 1987, AL-TADAMUN raised a question of great importance through a number of opinions that were gathered by Fu'ad Matar during his two trips to Baghdad and Kuwait. These opinions taken together formed a logical vision of a natural sequence for what could be called the powerful return of the Soviet Union to the region and its arrival, for the first time in its history, in the warm waters that were the dream of both the czars and those who became Communists in 1917.

The question concerns the Gulf states first and foremost, since the new Soviet leadership led by Gorbachev is following a policy different from the one followed by the previous leaders, from Stalin and Khrushchev to Brezhnev to Andropov. The dimensions of this policy began to be clarified through a comprehensive review of Moscow's strategy in the Middle East and the rest of the regions of the world.

At first glance, it may seem that the Soviets are beginning to rely on a new method of dealing with the Arab world based on mutual interests and not the exportation of ideologies. This seemed clear in the welcoming speech that Gorbachev gave during Syrian President Hafiz al-Asad's visit to Moscow last week; Gorbachev said, "A resumption of Soviet-Israeli relations will be possible if Israel changes its position concerning Moscow's proposal for the convening of an international conference to settle the Middle East crisis."

AL-TADAMUN's mention of Gorbachev's plan to visit the Gulf in its last issue aroused many comments at another level. Many observers (mostly from the Gulf) agreed that the need to turn a new page with the Soviet Union in the Gulf had become an indispensable strategic necessity. If a peaceful solution is reached, it will be necessary to include the Soviet Union as a factor balancing the American presence that wishes to return to the Arab World as "a peace mediator". If war returns--and blatant Israeli arrogance has begun to indicate that war is imminent once again--a strengthening of relations with the Soviet Union will be even more vitally and fatefully necessary, because

war, if it is renewed, will force the Arab world into a total confrontation with America. Israel considers the recent decisions that came from the PNC meetings a pretext for igniting the region. Likewise, the reaffirmation of the rejection of Resolution 242 by the PLO will provoke Washington into following a big stick policy against the Arab states, on the pretext that it was unable to convince the PLO to abandon the Palestinian rifle. Thus, Gulf views on the Soviet Union center around the political advantage that the exchange of diplomatic relations with Moscow could have for the countries of the GCC, especially since the idea of the international conference has gained more weight than before. Since the Soviet Union was the one who originally called for this conference in 1982, it is politically foolish to support the idea and reject its originator.

Another issue which concerns the countries of the region is the Iraq-Iran war. The question essentially is: Does the Gulf war impose new realities on the Middle East? Gulf sources have settled on an affirmative answer to this question, because of the evidence for a tacit American-Soviet agreement to shoot down the slogan of "self-sufficient defense for the Gulf". The Soviets have attempted to exploit the American mistake that led to the Shah's rule, and the Americans have attempted to exploit the mistake of Soviet intervention in Afghanistan. Now each country is waiting for any mistake that the other might make regarding the Iraq-Iran war, in order to exploit these mistakes in the struggle for areas of influence. The Gulf countries are currently concerned that no sudden disturbance appear on the political map of the region which would invite direct involvement from Washington or Moscow.

Gorbachev was the one who fought on all fronts, from Star Wars in space to the Cold War on land. So far he has succeeded in restoring the image of the Soviet Union abroad. He has also succeeded in convincing Soviet citizens that his visits to hamburger restaurants (which have recently spread throughout Soviet cities) do not mean that he has severed his commitment to his political ideas. He has also been able in a short time to erase the harsh image which characterized Soviet leaders. He was the first Soviet general secretary to be interested in his outward appearance. He is always smiling, and the interest which he and his wife have expressed in Parisian perfumes and Pierre Cardin fashions marks the beginning of the fall of the Iron Curtain that has surrounded the policy of the Soviet Union for a half century.

It is noteworthy that Gorbachev expresses his satisfaction that Syria is following a course of political compromise in its efforts to solve the Middle East problem. This matter should satisfy the Arab region, especially the Gulf, because it greatly subdues Syria's rush toward both military adventure in the confrontation with Israel and the political gamble of supporting Iran in the Gulf War.

Whether the Emir of Kuwait visits Moscow or Gorbachev visits the Gulf, the Arab position toward the Soviet Union remains linked to the Saudi policy of hostility toward communism and atheism. Nevertheless, it cannot be denied that the Soviet Union is a superpower and dealing with a superpower does not mean accepting its policies. The observer may wonder about the change that has begun to occur in Gulf-Soviet relations, and this means that the Iraq-Iran war has indeed imposed new realities on the map of the Middle East.

## STATUS OF ARAB EXPATRIATE PRESS EXAMINED

## Overview of Expatriate Press Situation

London AL-MAJALLAH in Arabic 22-28 Apr 87 pp 52-60

[Article by Rashid Hasan: "Crisis of The Expatriate Press: Birth and Death Rate Hits a High"]

[Text] The Arab expatriate press, or the overseas press--call it what you will--is a unique and controversial phenomenon and, indeed, somewhat strange by any standards. No region in the world has its newspapers and magazines published abroad as is the case with the Arab region. Some of these publications are naturally aimed at the large and growing community of Arab readers who have emigrated for a thousand and one reasons. The apparent truth, however, is that the great majority of these publications are prepared for export to Arab markets and, indeed, to a specific part of this market. Expatriate press dependence on some Arab markets has become so great that it can be rightly said that if rain or dust fell on this or that market, some publication or magazine would go out of business abroad. Because the majority of the expatriate press depends on export, it has been afflicted recently with the same problem faced by the export business to the Arab market in general: stiff competition on the supply side and a drop in demand. Last but not least, the local media industry that has emerged as a competitor is gaining strength and experience day by day.

Perhaps the important question here is: are the cases of malaise or collapse we are now witnessing in this industry nothing but symptoms of an ephemeral crisis that will disappear with the onset of economic growth in the early nineties (as some economists and news publishers believe)? Or, is it deeper than that, and what we are seeing is in fact a crucial shift in balances, fortunes and roles? The answer to this question is actually important to more than one side. It is important to established entrepreneurs as well as to those who have joined or are getting ready to join the market with new projects, ideas and ventures.

It may be said that the so-called overseas press, which may be a better term than the "expatriate press," actually includes several types of projects radically different in the whys and wherefores of being published abroad. There is, for example, the wave of Lebanese magazines that were being



published, then branched out abroad after Beirut lost its role as the region's media center. There are also the magazines and projects published in the last decade only because of demand and the many temptations in the market. Finally, there are those projects born overseas and basically aimed at readers abroad, such as the international editions of some leading newspapers and magazines aimed at the Arab emigrant communities as consumers.

Let us first begin with the question: what are the pan-Arab newspapers and magazines? How did this concept develop and why did it achieve this measure of success at a certain period of time at least?

The pan-Arab concept may be a Lebanese invention as is sometimes alleged. But this format, however, was not born in a vacuum, but rather came about as a consequence of certain historic circumstances and in response to real needs at the outset.

The most important circumstances that have contributed to the rapid growth of the pan-Arab press are undoubtedly represented by the nationalization of the Egyptian press in the late fifties, according to Yasir Hawwari, editor-in-chief of the French ARABEL magazine and a preeminent journalist who has played a role in this experience since the sixties. One consequence of nationalization was the decline of Egyptian press projects which up until then had been the most vital and instructive Arab media tools that had the highest standards and the widest circulation at the Arab level.

The truth is that nationalization in Egypt, and thereafter in the United Arab Republic, in 1961 offered many significant services to the small Lebanese republic. Indeed, it was always viewed, in light of the consequent flight of capital to strong Lebanese banks, as the most important factor in Lebanon's transformation into the biggest business center and perhaps the richest economy in the region.

However, nationalization provided the Lebanese press as well with its historic chance. It gave it the ability to move fast to fill the vacuum created by the fallback of the Egyptian press. The liberal political climate and cultural progress in this field offered ideal conditions for Beirut to inherit quickly Cairo's role as the media and publishing center of the Arab world.

The Lebanese press, however, remained in the sixties and early seventies, its Arab role notwithstanding, a Lebanese press, or rather a Lebanese press for the Lebanese and Arab markets, just like any other Lebanese product at that time. As for the name "pan-Arab," it most probably originated following the civil war in 1975 when the Beirut press lost its national market and mainstay and "Arabization" consequently became the only means of survival.

In this context, the emigration of Lebanese magazines because of the war was, up until recently, the real moving force behind the growth of a new generation of magazines and publications, not only abroad but in some Gulf markets as well. The hurricane that destroyed Beirut as the media center of the Arab region apparently carried many seeds from the Lebanese tree, strewing them over a wide circle where they flourished in various forms and different places and soils. The increase in development and spending in the Gulf and a number

of other Arab countries was opportune in providing an ideal climate and a seemingly boundless alternate market for these seeds in the late seventies and early eighties. Quickly and enthusiastically the Lebanese press rose to take advantage of this new opportunity, indeed developing it in the meantime. The brilliant success of some Lebanese magazines naturally encouraged the undertaking of several new attempts, Lebanese and other, that led to significant growth in the Arab press industry abroad.

#### High Cost

But full publication of magazines or newspapers abroad has always been a costly and perilous operation from the economic point of view for any press project. Take, for example, the Beirut market. A Lebanese magazine owner estimates the costs he bears abroad are at least twice or three times as much as those he would have to bear in Beirut. True, this publisher hastens to say, that publishing his publications abroad is inevitable for one reason or another, but this nonetheless means that the magazine has to guarantee high advertising revenues to balance higher costs or has to rely in a big way on aid and backing which may not always be forthcoming.

Up until recently, it appeared that numerous press ventures abroad have been able to overcome this difficulty by relying on a key factor, namely high advertising revenues. For the economic boom on the one hand and the precedence of Lebanese magazines in many fields, placed them in a unique position to play the role of key advertising medium in the region. This was largely aided by aggressive (and sometimes controversial) marketing techniques made available to these publications through the Lebanese "media" companies, better known as the "regis" advertising companies, and by the special relations binding the magazine and the media on the one side and numerous regional advertising companies run mainly by Lebanese subjects on the other side. This formula grew so strong and effective as to raise the sensibilities of several sides that viewed themselves as suffering losses and were seeking to wrest their share of the market.

#### Reasons for "Pan-Arab" Fallback

Suddenly however, and while skirmishes were underway over the region's advertising pie (estimated from \$100 million to \$150 million in 1985), the Arab communications and advertising market was going through a period of intrinsic shifts that tipped the balance of power among the various players, weakening in particular the Lebanese magazines and, indeed, the pan-Arab format in general, a format invented and successfully developed by the Lebanese "media" team. But what are these shifts?

Three main shifts can be mentioned here:

1. The diminishing importance of Arab markets outside the Gulf area in the last 3 years due to several economic and political factors. The Gulf war, for instance, has greatly influenced the Iraqi market and, to the same extent, the Kuwaiti and Jordanian markets while economic recession in the region has led to a drastic drop in the foreign currency revenues of many countries and to a radical decline in imports and the closing of the markets before foreign

imports (Syria, Egypt, Tunis, Sudan...). However, the diminished importance of non-Gulf markets with regard to the advertiser (their demographic and economic magnitude notwithstanding) has robbed the pan-Arab magazines of the key advantage on which they built their marketing strategy, namely the ability to lead the advertiser to the entire Arab market, something the local communications medium cannot do.

Moreover, the diminishing importance of non-Gulf markets significantly raises pan-Arab reliance on the only region that still represents a natural and open market for foreign exports, to wit, the GCC countries and Saudi Arabia in particular. This same reliance, however, exacerbates the competition between numerous communications media over an ultimately limited market and, therefore, some tension is bound to arise with the local media that will not magnanimously stand for the overseas magazines zeroing in on what they consider their natural and chief markets.

2. The last point inevitably leads to the second shift that attenuated the pan-Arab concept. It is the growth and diversity in the Gulf media market itself which not only provide, via the daily newspapers, an advertising medium pan-Arab cannot match, but also a large number of miscellaneous magazines and video tapes, and, last but not least, state-run TV, as a rival advertising medium. And although the growing video and TV industry has had and will have an impact on Gulf magazines and newspapers because it claims a growing chunk of the shares that used to go to them in the past, it will definitely have a greater impact on pan-Arab because it renders Gulf publications more susceptible to foreign competition and more determined to protect their shrinking share of the advertising market.

3. The third factor that is evoking concern among pan-Arab magazines is the fact that advertising companies and foreign advertisers in general are increasingly shifting to local communications media instead of those with Arab circulation. This shift stemmed from dwindling confidence in the benefit of general advertising, thus opting for this or that local market so as to be in a position to compete directly with rival products and to maintain a flexible marketing policy. This tilt in the position of advertising companies--more than the small advertising budgets--is now considered the main reason for the great drop in pan-Arab advertising revenues, the last two years particularly.

It is not strange, therefore, that the position of foreign advertising companies should trigger complaints on the part of pan-Arab circles that are bent on stressing that the problem lies not in the competition between them and the local communications media, but rather in insufficient spending on advertising by foreign exporters. "Instead of stiff competition for a small cake, we must work together to enlarge the cake," says Elie Fa'i, a Lebanese "media" leader who represents, among others, AL-HAWADITH magazine. All statistics at our disposal point to the fact that the western exporter takes us for granted and that advertising spending in the Arab region is the lowest in the world.

Nonetheless, there are those, particularly in pan-Arab circles, who believe that the problem of this kind of magazine goes deeper than that. Indeed, the whole format has fallen back and time has passed it by, as Yasir Hawwari



emphasizes: "I have no doubt that pan-Arab magazine sales have experienced a sharp drop in the area and the main reason is that these magazines have isolated themselves in Europe and have been out of touch with the reader. They no longer know how readers think or what their needs are. Hence, it is not by chance that most of them no longer offer anything that catches the reader's fancy, noting that the reader himself has grown and has become more sophisticated in knowledge and education than some of the 'overseas press.'

"Moreover," adds Hawwari, "the 'an-Arab press has grown so much more wary and, indeed, overly biased as to render the local press more daring in raising issues important to the reader. If this is the case, what then is the reason for the 'exodus' and publication abroad?"

Fu'ad Matar: Not Pessimistic

On this point, at least, there is clear agreement between Hawwari and Fu'ad Matar, editor-in-chief of AL-TADAMUN magazine, who says: "The most important reason for the crisis experienced by many magazines published abroad lies not in smaller advertising shares, but rather in the significant rise in the cost of publication abroad (compared to the Lebanese market, at least)." This format, Matar believes, is illogical and has survived only because of the lack of another solution publishers can feel comfortable with. "If you put out a publication for the area, it is natural to publish it in the area so as to be in daily touch with its affairs."

Matar, however, does not seem pessimistic about the future of pan-Arab. It is true that many magazines have lost their seriousness and have dropped in quality and it is also true that a number of them will inevitably be devoured by this crisis, but the format still has its complementary role with regard to the local media, noting that the latter has not been established as a total substitute from the standpoint of quality and the communications role of Arab-oriented media.

Search for Refuge in Cyprus

But can many magazines and publications be issued in the Arab region? The predominant view thus far is that there is no ready substitute to this end, for most Arab countries are not prepared to give licenses for new or non-local publications. Even those that may be ready to do that may not have the proper climate, either for political reasons or because of the restrictions and impediments in other fields such as the currency market, the residency laws and other considerations. It does not appear that any of the Arab countries have contemplated or aspired to take over Beirut's role, for many believe that Beirut has in effect paid a price for turning into an open field for media and ideological wars between the axis and area regimes. It is no coincidence, therefore, to use Lebanon as an example in a country such as Kuwait, for instance, whenever a controversy arises over the freedom and the responsibilities of the press.

With the Arab countries' aversion to offering their territory as a press "free zone" modeled after the industrial or banking free zones, the Cypriots acted quickly to fill the gap and to enhance the island's role as a financial,

business and publishing center in the Middle East. And in keeping with this policy, Cypriot authorities are extremely indulgent in granting licenses and facilitating residency and work facilities. They guarantee the freedom of publication and, indeed, offer numerous tax incentives for press ventures.

The fact is that Cyprus' role as a publishing base in the area has been especially augmented following the 1982 Israeli invasion of Lebanon when the number of publications published on the island doubled to 7 magazines, some of which are expected to be out before the end of this year.

#### New Opportunities for Specialized Press

Despite pressures currently facing the pan-Arab format, the specialized media may have a stronger chance in view of the greater advantages it has compared to the local press. For providing a specialized means of communication for extensive Arab coverage of a certain industrial or business sector offers a certain type of advertisers an effective and relatively inexpensive means of contact with specific sectors they are after, perhaps to the exclusion of all others. Rather than resorting to daily newspapers or magazines, an irrigation systems or a specific kind of hospital equipment source would do better to turn to specialized magazines distributed to importers of agricultural equipment or hospitals. It is noted here, however, that British and American publishing companies with long experience in these kinds of publications were ahead of others in perceiving the needs of western advertisers and, hence in the production of high-quality trade and technical magazines able to secure a key share of advertising budgets earmarked for this field.

Many other Arab ventures were likewise conceived with a view to producing trade magazines, perhaps spurred by the success achieved by early attempts. But it seems that a number of publishers have taken the specialization concept too far sometimes, producing new technical or sectorial magazines without an adequate market base to support it. An English-language magazine published in Oman under the name, "Omani Restaurant Owner," is often cited as an example of how far some people can go in understanding specialization without a realistic evaluation of the size of the market and the economics of the project.

#### Al-Shakiri: Market Did Not Respond

Among the successful and noteworthy Arab ventures in this field are two magazines published by Iraqi industrialist and publisher 'Abd-al-Sahib al-Shakiri in London. The first came out 4 years ago under the name AL-HIDHA and is distributed to thousands of Arab corporations dealing in shoes, leather, bags and accessories, in addition to wholesalers. The second came out recently under the name AL-RIDA and covers the clothing and textile industry in the Arab world. Both magazines publish excellent scientific articles directly related to the needs of the concerned sectors and have begun to work on two dictionaries of leather industry terms and specifications as well as the textile industries. It is noteworthy, however, that the success of this kind of magazine was due to the fact that the publisher himself is a prominent industrialist with long experience in the field of leather and textile

industry and enjoys extensive relations in these two industrial circles in the Arab and Western worlds.

However, al-Shakiri, who is spending more and more of his precious time supervising his magazines, concedes that he did not expect publishing to be that difficult. He clearly complains about slow market response and currency problems in a number of Arab markets. Although the two magazines got off to a good start in the advertising field, the publisher believes that the Arab market alone may not be enough to support their survival in the long run. Therefore, he is getting ready to increase the English language section of the two publications and to expand circulation to other Third World countries, Asia and Africa in particular.

This does not mean, however, that all trade magazines offered to the market are actually "specialized" or backed by industrial or technological expertise. The fact is that a large number of such magazines are faddish and sometimes are the product of a simplistic view that see in "specialization" a magic formula able in itself to generate success and attract advertising accounts. Most likely, a large number of ventures were not studied carefully and some of them were based, as usual, on unrealistic expectations. The Arab market, however, is still in need of trade magazines even though producing the right commodity at the right time requires more than awareness of this simple fact.

#### Overseas Media for Expatriate Arabs

One important development in the Arab media industry is the growing emergence of a new set of publications aimed primarily at Arab readers living abroad, Europe and North America particularly. Some publishers took notice, as did some leading Arab newspapers, of the significant and constant growth of Arab communities abroad and decided to turn to this group that constitutes, both as a readership base or an advertising field, an important and independent market. It must be noted, nonetheless, that Arab communities abroad are not homogeneous. They are diverse and reflect to some extent the domestic and cultural mosaic of an Arab world that is fragmented by its very nature. This reality undermines the effect of the numerical weight of expatriate Arabs as a homogeneous market, rendering such a market in effect a "junction" for several markets, each having its own components, givens and loyalties.

One marked example of this kind of media are the international editions of the Kuwaiti AL-QABAS and the Egyptian AL-AHRAM.

#### AL-QABAS Ventures

Whereas AL-AHRAM AL-DUWALI is still in effect the newspaper for the Egyptian presence in the West, the Kuwaiti AL-QABAS has succeeded in creating a diverse market among expatriate Arabs. "It has been a successful experience," says AL-QABAS editor-in-chief Mr Muhammad Jasim al-Saqr, "as evidenced by the fact that, following the issuance of the first edition in London in 1985 and due to the encouraging circulation figures and growing demand, we hastened to expedite the second stage and began as of 1986 issuing two additional editions from Paris and Marseille and our circulation jumped 400 percent in one year."

The editor-in-chief of AL-QABAS is keen on stressing that the international edition of AL-QABAS was issued with the capabilities of the mother AL-QABAS in Kuwait, based on its conviction of the dire need for "an independent and objective newspaper to act as the connecting link between the expatriate Arabs, on the one side, and their Arab nation, on the other side." He adds: "We are currently studying several options, including publication in areas not yet treaded by anyone else despite massive Arab presence there." He stressed that AL-QABAS officials have many ventures in their bag for providing an Arab newspaper aimed at keeping Arab readers and businessmen abreast of economic changes in the Arab world.

With regard to the Arab overseas press, al-Saqr expressed his conviction that the upcoming stage will witness a sifting of overseas publications "because a great part of them was not based on economic foundations and does not have an adequate readership base. However, the objective of any publication should be nobler and loftier than mere material gain."

#### AL-SIYASAH Ventures

It seems that the AL-QABAS international experiment--some say foresight--has spurred another number of Kuwaiti newspapers to give serious consideration to the publication of an overseas edition. AL-ANBA' newspaper recently dispatched one of its officials to London to explore the situation and prepare a preliminary study of available options and requirements. AL-SIYASAH, however, seems to be seriously considering the prospect of coming out with an edition for North African readers from Casablanca to Morocco, possibly followed by a European edition from Frankfurt. As part of the preparations for actual publication soon, the newspaper has concluded formalities for obtaining publication rights in Morocco and has initiated its advertising plans by luring an advertising executive from an Arab magazine published abroad.

#### The ARABEL Experience

One striking experience in the field of Arab media for the Arab community is the ARABEL magazine, the magazine of stately homes, palaces and social gossip so popular among wealthy Arabs (old and new) abroad. Although this super grand magazine aimed at the Brittain did not last long, for it went out of print in June 1986 leaving behind for the shareholders a new loss of over \$400,000, it was, nonetheless, a daring attempt to produce a color magazine directed at putting the western advertiser in direct touch with a base of consumers with high-purchasing powers. Some people familiar with the ARABEL experience believe that the magazine was basically a good idea, as evidenced by the advertising companies' enthusiasm and relatively quick response. It was produced, however, with unnecessary extravagance and lacked an adequate capital base to support its survival.



## New Ventures

The birth and death rate in the overseas Arab press industry is among the highest, an indication in itself of perils and pitfalls not given due consideration prior to publication. Although this phenomenon is widespread in the West as well, it is more significant in Arab media for several reasons, such as the fragmentation of the market itself and the industry's sensitivity to several ungovernable and hard-to-anticipate factors such as oil price oscillations and political and security developments in this or that market, not to mention the difficulty of free movement of information and publications and weak professional and marketing structure, etc. All these obstacles became manifest after the boom receded, thus prompting more reflection and consideration in planning new ventures. Caution does not mean, however, that the market will stand still and that ventures will come to a halt. In the sea of what some consider the worst circumstances the Arab press industry has experienced, new quality magazines were hitting the market, among them AL-SUFR SCIENCE ILLUSTRATED magazine that is seeking to fill the void left by the absence of the YEAR 2000 and AL-MINBAR magazines which are trying to enlist a special market of enlightened readers abroad.

Then there is the ARABIE magazine published recently by Yasir Hawwari with the aim of providing special Middle East coverage for a broad section of French readers in Europe and French-speaking countries. This is Hawwari's second publishing attempt in the last few years, for he had played a key role in founding KUL AL-'ARAB magazine published in Paris as well. Yasir Hawwari says that ARABIE met a growing need for a link between the Arab world and its Islamic and Arab civilization and between French-speaking countries, be they in Europe, Canada, north Africa or black Africa. He emphasizes that the experiment, from the first issues, met with great success the owners themselves did not expect. The thousands of issues sent to the Ivory Coast, Gabon and Senegal in Africa were all or almost all bought up, and in countries like France, Belgium, Luxembourg and Canada, the return rate was no more than 4 percent.

## MIDEAST MIRROR

In London, attention is focused on a new kind of experience, the MIDEAST MIRROR, put out by Fawwar Najiyah and four other partners which has attracted initial investment of over \$600,000.

The MIDEAST MIRROR idea and production and marketing techniques are totally new. Relying on the time difference between the Middle East and Europe, it receives from its correspondents in the area daily early-morning reports which are edited and produced in final form at the editorial center in London. Before 10:30 am, the issue is ready for distribution to subscribers in London, or by facsimile to subscribers outside the British capital. U.S. subscribers are sent the publication by the "Concord" and are ready for distribution before 11:30 am Eastern Standard Time.

The issue includes daily the most important news reports and commentaries in Farsi, Arabic, Hebrew and English appearing in Middle East newspapers, in addition to special information and in-depth analyses published weekly.

Publishers are betting on this issue to meet the basic needs of any side required to follow up area affairs on a daily basis, such as various political departments, leading western newspapers and large corporations. However, the annual subscription fee of nearly \$2,000 has prompted some to express doubt about whether a sufficient number of subscribers consider the issue necessary enough to justify the high subscription fee. Najiyah, who achieved outstanding success in MONDAY MORNING prior to selling it to editors' union leader Milhim Karam, seems confident and content with the marketing process. He stresses that "everything is proceeding according to plan and expectations," particularly in the wake of the issue's acceptance into the international electronic data base known as "News Net," thus enabling it to be utilized through the subscribers' personal computers all over the United States.

#### AL-HAYAH Venture

At this time, Jamil Muruwah, who was behind the success of his English-language daily, THE DAILY STAR, before it went out of print following the Israeli invasion, is proceeding with his earnest study of a project to republish the DAILY STAR's twin sister, AL-HAYAH, as an Arab weekly. Muruwah is more than halfway through in his deliberations over the new publication's content, readership and marketing plans and almost all the way through with regard to financing. But is there still room for a new weekly magazine at this difficult stage of the "pan-Arab" life in general?

"Most certainly," replies Muruwah without hesitation. "The market needs a new weekly magazine and the readership is there and ready to support such a magazine. The problem, in my view, is not too much supply, but rather in too much of the wrong kind of supply. There are many unwanted commodities at a time when a real thirst exists for a strong magazine that reflects life in the area and can assert its presence through a real and experienced press." Muruwah does not seem ready to go into details of his project at this point, but he cheerfully affirms "we are coming."

#### Future Trends

The Arab overseas press is now going through a period of review of past lessons and reexamination of a large number of prevalent concepts and modus operandi. Of course, there will always be adventurers and dreamers who surprise everyone by committing the same fatal mistakes. But the difficulties of past years have undoubtedly helped many people gain a new realism and get their feet on the ground.

Nonetheless, it must be emphasized that the crisis is not over yet and may indeed be just beginning. Many publications are in an abnormal position and symptoms of "anemia" and malnutrition have begun to appear in many of them and to reflect on morale and confidence in the future. Many publishers and entrepreneurs have reverted to arithmetic, subtraction and division in particular, while signs of fatigue in other publications suggest that the disease has become hopelessly incurable and the hour of reckoning will sooner or later be here.

One negative development in this regard is that the loss in readership and advertising revenues will essentially lead to greater reliance on aid and the kind of patronage offered by official or private parties. Although this margin of maneuverability may help to ride out the crisis and to extend payments, it will not change the basic problem, but will rather lead some publications to be increasingly dependent on a few sources of income and, therefore, more vulnerable to the first sudden shift in the backers' position or situation.

But whereas existing ventures of all kinds are engaged in a hard struggle for survival amidst new unpropitious balances, risks facing new ventures for one reason or another seem much greater.

As it has been illustrated once and again, the classic danger facing any new press venture is failure to realize the depth of market changes, particularly the mood of the readers, advertising companies and advertisers, and the size of the market and its division among competitors and future trends. A rather long list of classic pitfalls can be cited here, such as the adoption of optimistic hypotheses regarding projected sales and advertising revenues or failure to conduct market studies and serious consultation with the power that be in the advertising companies, noting that the easy way out often leads to negligence of the need to start out with enough capital and the great importance of paying as much attention to marketing as to the design of form and content.

The patent market overcrowding and the resulting stiff competition between various mass media also means one basic thing: great and continual rise in initial costs, thus necessitating strong defenses at the liquidity and long term financing front. It is certain, at any rate, that, due to these factors, money will play a growing role and that the press profession will change from a hobby and a mission to an industry based on the same rigid rules governing any other industry. And whereas the fragmentation of the Arab world may keep the door open for the survival of some kind of mass media multiplicity, the probable trend in the next decade, due to economic and professional necessities, will be toward more concentration on gradual supremacy of big ventures able to take advantage of the size factor and to build a striking force at the marketing level.

#### Notable Overseas Press Ventures

London AL-MAJALLAH in Arabic 22-28 Apr 87 p 53

[Article: "Biggest Arab Overseas Press Ventures: AL-SHARQ AL-AWSAT, AL-MAJALLAH, SAYYIDATI and AL-MUSLIMUN"]

[Text] The biggest venture in the Arab overseas press is the establishment of the Saudi Research and Marketing Corporation in the British capital. It was founded by brothers Hisham and Muhammad 'Ali Hafiz who come from an old family in the world of journalism and publishing, with half a century of experience.

Publishers Hisham and Muhammad 'Ali Hafiz say about their experience in establishing the Saudi Research and Marketing Corporation: "Prior to



publishing AL-SHARQ AL-AWSAT magazine, we had published the ARAB NEWS publication, the first Saudi English-language daily. This was in April 1975." They went on to say: "Our dream--and we are still wrapped up in this dream--was to set up the biggest and greatest publishing house in the Arab world, similar to those in the advanced world. It was not a local dream in the sense that we wanted to publish daily, weekly and monthly publications and books and even set up radio and TV stations to cover the Arab world.

The first steps of this dream began by gaining ownership of the old press photography agency in the world that was on the brink of bankruptcy in the seventies. In the summer of 1977, one year after the purchase of the British press photography agency, brothers Hisham and Muhammad got the idea to publish a newspaper fashioned after the HERALD TRIBUNE, which has a world-wide circulation, taking advantage of satellite transmission technology.

In 1978, July 1978 to be exact, AL-SHARQ AL-AWSAT went into publication out of the offices of the British photography agency which it owned.

Even since that time, AL-SHARQ AL-AWSAT has turned into the biggest press venture in the Arab world and the most successful by virtue of its wide circulation and huge advertising revenues that have given it a strong influence in the advertising world. The Saudi Research and Marketing Corporation that owns AL-SHARQ AL-AWSAT ever since its creation has embarked on a series of important press ventures, the most outstanding of which is AL-MAJALLAH magazine, currently one of the strongest and most popular Arab political magazines; SAYYIDATI, another highly-successful magazine among women's and variety magazines; and AL-MUSLIMUN weekly, which the publishers say has cost the company 2 million Saudi riyals so far and is hoped to recover its expenses and realize a profit in the future. The Saudi company publishers emphasized that a development plan for the publication is under way. The most recent venture was the publication of AL-SHARQ AL-AWSAT magazine fashioned after American and European Sunday supplements, a new precedent in the Arab press world. The magazine, distinguished by its light miscellaneous topics, is distributed with AL-SHARQ AL-AWSAT magazine on Wednesdays in Saudi markets and is sold separately in other Arab markets.

There are other ventures the two brothers, Hisham and Muhammad, mentioned, some of which are expected to be implemented this year, including a monthly men's magazine and a daily sports one. The plan of the Saudi Research and Marketing Corporation includes a unique venture: to publish AL-MAJALLAH magazine in broadcast form. Selection of technicians and a broadcast studio is under way and the publishers say that "this venture is aimed not at profit, but at consolidating our relations with all groups of readers." The "audio magazine" aims to reach those who do not have time to read and can listen to a tape in the car or at home. The "audio magazine" will be more useful to the visually-impaired or the blind who, for the first time, will have a chance to have access to a weekly magazine.

## London-Based Editors Comment

London AL-MAJALLAH in Arabic 22-28 Apr 87 p 55

[Article by Ilyas Harfush: "We Publish Because of the Situation in Lebanon. When the War Is Over We will Return"]

[Text] Officials of Arab magazines in London agree that their move there was by necessity and not by choice, a necessity created by the political and security situation in the Lebanese capital, Beirut, and the ensuing material and professional difficulties facing the journalism profession.

The subject of the above statement was those magazines, once considered Lebanese by virtue of being published in Lebanon prior to the war, that have left Beirut because of the war to announce their transformation into pan-Arab ones. They are AL-HAWADITH, AL-SAYYAD and AL-DUSTUR. Magazine officials in London disagree on whether or not these magazines can be considered expatriate. At the head of those who object to this appellation is AL-HAWADITH owner and editor-in-chief, Milhim Karam, who says: "We do not consider ourselves refugees or expatriates, for the world, by virtue of the technological development in the field of media services, has become very small. It is no longer important whether your publications are published in Paris, London, Beirut, Riyadh or Cairo, so long as technology allows you to be everywhere at once."

However, colleague Khaldun al-Sham'ah, editor-in-chief of AL-DUSTUR, admits to the inevitable expatriate reality and concedes that this situation has generated more negativisms than positivisms: "We are under no delusion that the presence in Europe of a magazine directed at the Arab reader in Arab countries could have more freedom and a greater ability to address the reader without the censor's pen. We discovered that we had no more freedom by publishing from outside Lebanon."

Colleague Muhammad 'Abd-al-Mawla, editor-in-chief of AL-SAYYAD, agrees with the view that departure from Beirut has become a necessity for any successful press activity under conditions of war. He says: "Publication of any newspaper from outside Beirut has advantages at this time, the most important of which are freedom of movement and the ability to offer a distinguished press activity. The proof lies in the different style of what is written from Beirut and what is written from outside Beirut from the standpoint of the expatriate press relying on information not available to the local press published in Lebanon now." 'Abd-al-Mawla says that the basic aim behind AL-SAYYAD's move to London (1984) was to raise it to an equal footing with other Arabic magazines.

Faced with financial hardships and lower advertising revenues, overseas press officials began thinking of going back to printing their publication back home while maintaining their editorial presence in Europe. AL-SAYYAD was one of the magazines to take this option. 'Abd-al-Mawla describes the decision to move the printing process to Beirut as an "intelligent decision" based on (AL-SAYYAD's publisher) Bassam Frayha's sixth sense and under the pressures of exorbitant printing costs in London. This has called for a change in AL-

SAYYAD's format, whereby it is no longer subject to the pressure of keeping up with events and redirecting attention to investigative reporting and articles that do not require quick and immediate coverage.

However, AL-HAWADITH owner Milhim Karam rejects this format fully and unequivocally. He says: "We cannot publish AL-HAWADITH from Beirut in any way under these circumstances because this will be subject to the regional realities and not to logic. When Beirut returns to normal, AL-HAWADITH will be the first to go back." With regard to AL-HAWADITH's intention to follow events and gain time, Karam believes it is impossible to print AL-HAWADITH in Beirut despite the exorbitant costs he bears in London.

Khaldun al-Sham'ah concurs, saying: "This method of publication (printing in one country and publishing in another) has no professional justification. It may have financial justifications in view of the difficulty Arab publications have in acknowledging the fact that they were forced to change procedure under financial pressures, as though financial difficulties represent the beginning of a fallback in the value of publications published abroad. Publication in Europe has come to represent to some a professional value in itself."

#### Editor of AL-'ARAB Optimistic

London AL-MAJALLAH in Arabic 22-28 Apr 87 p 57

[Article by Ahmad al-Huni: "Our Picture is Bright, Not Gloomy Like Others"]

[Text] The experience of the London-based AL-'ARAB publication is considered unique and its uniqueness is due to its being the first daily newspaper to be published in Europe and to depend in its circulation on Arab expatriates and visitors. It does not try to make the indigenous Arabs its real targets, as is the case with most other Arab publications published overseas.

Mr Ahmad al-Huni, editor-in-chief and board chairman [of AL-'ARAB], refuses to place his publication in the same class with the expatriate Arab press. His rejection stems from the premise that AL-'ARAB did not emigrate from an Arab country to Europe, but is rather a resident newspaper: "We are not immigrants. We have established this newspaper to stay here and survive and not to go back. Even if we do go back, we will do so as individuals. As for the institution, it is here to stay and we are not in any kind of competition with the Arab press. If we send our newspapers and publications to the mother country, it is to benefit our colleagues and acquaint a select group of readers with our intellectual and press product."

Mr al-Huni goes on to say: "When I arrived in Europe in 1976, I noticed that the Arab press was non-existent and that the Arab was facing difficulty in keeping up with Arab news in Europe. My cousin Rashad was here in London, so we deliberated the matter and decided to put out AL-'ARAB newspaper with backing from a Libyan expatriate. This man did not ask us for any particular orientation and tried to distance himself as much as possible in order not to make us feel his role in this regard."

He talks about the newspaper's style by pointing out that the aim was and still is to maintain the newspaper's independence from the Arab countries and to concentrate on serving the Arab media as a strictly factual newspaper. However, when I assumed the chief editorship, I turned it into a newspaper of opinion as well as facts. Circulation went up and it developed serious positions. We achieved many services to the Arab nation and were able to establish an AL-'ARAB newspaper office which we equipped with state-of-the-art technology. Now we are looking forward to a bright future for we are about to come out with BANAT HAWWA magazine to help revive the crippled Arab half. We hope that it will be of a high editorial standard and will spur the Arab woman not to be concerned with fashion and cooking, but rather to contribute effectively to building her homeland."

Mr al-Huni believes that the future looks good his newspaper and his establishment which may not be the case with other expatriate publications. He says: "We feel that we are standing on our feet after 10 years of publication and that the reader and advertiser have stood with us. These are the people who deserve all the credit. It is not an expatriate newspaper but a continent for Arab media and for all the Arabs."

Mr al-Huni believes that the future belongs to the Arab press that relies on its self-powers and for the specialized press. Therefore, he is planning to publish an English-language Arab publication to remove the thick barrier between the Arab and the foreign media for there is nothing to link with Arabs with the world that uses live languages.

#### AL-WATAN AL-'ARABI's Move to Cyprus

London AL-MAJALLAH in Arabic 22-28 Apr 87 p 59

[Article by 'Awni Bashir: "Move to Cyprus and Continued Hostility by Friends"]

[Text] Arab press establishments, for the most part, are individual institutions influenced by the state of the individual that founds and oversees them. If he dies, they lose their status, their circulation drops and, in many cases, they go out of business. This was the case of the Beirut AL-MUHARRIR that ceased publication when its owner and founder, journalist Hisham Abu Zahr, passed away, thus prompting his brother Walid Abu Zahr to pack up and head for the French capital where he and a group of AL-MUHARRIR reporters began publishing a weekly magazine under the name AL-WATAN AL-'ARABI, with plans, after the newly-born magazine established itself, to come out with a daily AL-MUHARRIR in Paris. Hence, on 17 February 1976, AL-WATAN AL-'ARABI came out in the French capital where it was the first Arabic publication to be published there, followed one week later by AL-MUSTAQBAL.

AL-MAJALLAH talked with AL-WATAN AL-'ARABI's publisher and editor-in-chief, Mr Walid Abu Zahr, who explained the story of his magazine from the time he left Lebanon via the port of Sidon, right after the Syrian forces went into Lebanon, to discover that the costs of publishing a magazine in Paris were prohibitive and many times higher than what it cost in Beirut. Add to that the problem of the high cost of shipping to the Arab world that created cost



overruns. Mr Abu Zahr goes on to say: "Good economic conditions prior to the drop in oil prices helped us surmount the obstacles. But the subsequent slump in these prices, the drop in the value of the dollar and economic recession which no longer is confined to the Arab world alone--for a number a French magazines are being printed in Belgium and Italy to save money--created a difficult economic situaion at AL-WATAN AL-'ARABI. So we decided to stay in Paris but print the magazine in Cyprus where costs are low and shipping is faster and more economical."

Mr Abu Zahr went on to say: "Rumors about closing down AL-WATAN AL-'ARABI are false and completely unfounded. It is true that we are suffering a stifling financial crisis, but we will never go out of business. We are facing a crucial period and any magazine that lives through the year 1988 will survive, but those that do not will go out of business. I am very optimistic about all the pan-Arab magazines and those who expect AL-WATAN AL-'ARABI to shut down have a long wait ahead of them."

AL-MAJALLAH then talked with Dr Nabil al-Maghribi who headed the AL-WATAN AL-'ARABI editorial section up until 1985 when he left the magazine because of a violent disagreement with its publisher, Walid Abu Zahr. Each meted out to the other various charges that surfaced anew when AL-WATAN AL-'ARABI began facing its recent crisis. Dr Nabil al-Maghribi began publishing a new AL-MUHARRIR newspaper in Paris fashioned after the French satirical publication, "Le Canard Enchaîne," after he patented the name in Geneva for use world-wide except in Lebanon. In the first issue of AL-MUHARRIR, Nabil Maghribi opened fire on Walid Abu Zahr when he revealed, with documents and figures as he says, the true story of AL-WATAN AL-'ARABI. When we pointed out to him that AL-WATAN AL-'ARABI was still in business and had surmounted its financial straits, he replied that the magazine will stay in business to cover the advertising contracts it has concluded for 1987 and 1988, but that its circulation has dropped from 80,000 to 8,000 subscriptions. As for the financial crisis, the magazine is still being published by a French concern owned by a French lady rather than by the bankrupt AL-WATAN AL-'ARABI Corporation as used to be the case. As for the editors, only two or three have been picked up and the rest are left without compensation, thus placing the French government before the problem of having to pay compensation to AL-WATAN AL-'ARABI employees, estimated in the millions. However, those entitled to 1 million francs will only receive 400,000 because this is the maximum government compensation under the bankruptcy law.

The conflict between Abu Zahr and his former colleague, Dr Maghribi, is expected to go on even though the former has refrained from replying to Maghribi, for he said that he preferred to talk about his magazine rather than about those who are reviling it for personal reasons.

[box p 60]

#### Less Problems for Critical Press

The last was AL-MUHARRIR, the zero issue [as published] of which was published by Nabil Maghribi. The first and oldest of the first Arabic publication to come out in the seventies was AL-SHARQ AL-JADID. In between these were

SARAQIYAH, AL-I'LAM and AL-RA'Y AL-AKHAR and others that came out and ceased publication, and some are still being published.

The critical press that fills newsstands in London and Paris, like PRIVATE EYE and PUNCH, is distinguished by its low cost because it depends on a limited number of editors, in addition to the fact that it does not face circulation problems since many depend on subscriptions and sales in Europe. Advertising for the most part is non-existent and one publication, AL-SHARQ AL-JADID, whose owner and editor-in-chief, 'Abd-al-Wahhab al-Fattal, plans to issue it daily in the very near future, emphasizes in every issue that no advertisements are accepted.

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## NEW CURRENCY MARKET PROVISIONS REVIEWED, DISCUSSED

## Economy Minister Offers Views

Cairo AKHIR SA'AH in Arabic 27 May 87 pp 10, 11

[Article by Amir al-Zahar]

[Text] I brought my questions and requests for information concerning the new free currency market to Dr Yusri Mustafa, the minister of economy and foreign trade. I was certain that it would be hard for any journalist to draw the minister into the heated, provocative discussion any magazine or newspaper is anxious for: contemplating and studying everything before plunging into it is part of his personal nature, and extreme precision and brevity are part of the nature of economics and the language of figures.

Out of fairness, I can mention that the minister of economy has witnessed the most difficult and crowded month of Ramadan in his life. Fate had arranged it that the days of the final preparation of the latest economic decrees, then the beginning, the difficult beginning, of their execution would be the days and nights of the holy fast month. Every day at the time of the evening call to prayer he went home to break the fast then returned again to the office or successive Council of Ministers, party or technical committee meetings until the hour of dawn. Efforts still are being made, as he says, to have the foundations of the new system stabilized as a first radical step along the road to the comprehensive reform of the structures of the national economy which have been burdened down for many years.

What are the questions, and what were the answers?

[Question] What do the indices on transactions in the new free money market say?

Dr Yusri Mustafa said, "The indices are reassuring so far and the process of the conversion of dollars and other free currencies into Egyptian pounds is proceeding in an increasing fashion, in a manner that calls for optimism, whether that is through direct conversion at the windows or through clients' accounts.

"With respect to the remittances of Egyptians working abroad, these are also reassuring and substantial, although they have not yet reached the volume



anticipated since the season for the return of Egyptians has not attained its peak and still is at the beginning. It is well known that the months of June, July and August witness increasing numbers of people returning.

"In general, the volume of remittances so far has exceeded all the estimates which had been forecast for the system at its beginning, especially in the light of a system which is being started for the first time, after a system which was totally different and continued to prevail for many years.

#### More Than We Had Expected

"In another area, the receipts of remittances has exceeded the requests for disbursement (imports) which have been made of the market. In other words, the cash reserves allocated to cope with all additional needs have not been paid out but have indeed increased.

"To go into some detail, this excess in the volume of receipts over the volume of disbursement requests should be considered in the context of the banking system as a whole. This does not prevent there from being, in the context of units, banks which have disbursement requests greater than their volume of receipts. Some people might imagine that this situation represents a problem for banks, but the new system remedies itself by itself in this case. It is working in a manner resembling the theory of intercommunicating vessels. That is, it permits exchanges through sales and purchases among banks and between banks and the Central Bank so that each bank can respond to all the requests for disbursements it has. This process of exchange takes place at the end of the operating period or at the accounting period, which occurs approximately every 2 weeks."

On the other hand, AKHIR SA'AH has learned through its actual monitoring of the course of transactions in the framework of the major banks that the average daily receipts of transfers fluctuate about the figure of \$5 million. This average went up in one of the days of the second week, in the course of which the sum of \$14 million was transferred. Thus, the volume of transfers in the first 2 weeks of the free market came to about \$85 million.

At this point the minister of economy added that the most important index on transactions in the market is people's receptivity to dealing with banks to convert their foreign cash holdings in a manner which reflects the attainment of the most important goal of the new system in addition to a rise in banking awareness.

#### A Serious Role for the Banks

[Question] Aside from the hard currency dealers and people who profit in conjunction with them, everyone is enthusiastic about the new system. What is the role of the following parties in guaranteeing the success and continuation of the market:

1. The Ministry of Economy?
2. The banks?
3. The oversight and security agencies?

Dr Yusri Mustafa did not start by talking about the role of the Ministry of Economy, as manifested in the sequence of the question, but said "The greatest burden in the success of the new market now lies on the banks. I do not doubt for a moment the competence of the banking system to perform this role as thoroughly as possible. The banks have actually taken a number of new measures to cope with the requirements of this role, most important of which are:

"Improving and facilitating service and opening doors to transactions with the public in the evening periods and official holidays.

"Facilitating measures for exchanging foreign currency and abbreviating the steps in that.

"The foreign banks, although they do not deal in local currency, have opened branches within themselves for authorized banks which engage in conversion activities in order to increase the area of coverage so that it can reach the greatest number of people with remittances.

"In addition to that, all bank branches and offices have opened their doors and activities in order to reach citizens at the source, whether in the Egyptian countryside or in places where there are groups of Egyptians working in Arab countries.

"In addition, each bank has established an office for complaints to deal with all difficulties and to explain all requests for information to various people conducting transactions in the new market."

Concerning the Ministry of Economy's role in making a success of and stabilizing the new market, the minister said that it is providing studies and preparing decrees regulating activity in the market in participation with the Central Bank and through the government, and it conducts daily followup on the results of transactions and offers information on all requests for information on the transactions to which the new exchange rate applies and also all problems which reach it. It also monitors the activities of the money changers in Port Said and Suez.

Concerning the role of the oversight and security agencies, he said, "As I pointed out, it is the competence of the banking system which will eliminate all the flaws confronting the system. As for the oversight and security agencies, they intervene in the event of a violation of the law and for the sake of prevention. In fact, more than 150 hard currency dealers have been removed from the market. On the other hand the strongest elements of success, which are security and avoidance of risk, exist within the legitimate market in the banks, as well as these banks' ability to absorb any volume of remittances and pay the price for them at once rather than delaying or issuing checks, as happened with the hard currency dealers."

#### Floating and the World Market

[Question] What are the stages for achieving the unification of the exchange rate of the Egyptian pound or floating it vis-a-vis foreign currencies? Will

the floating be just in the local market or will that extend to the international one?

Dr Yusri Mustafa said, "The free Egyptian market for unifying the exchange rate will come about in its final form in a gradual manner, which will assume the form of two basic stages, each of which will be gradual from within as well, as follows:

"The first stage is the stage which has begun, and it will be expanded gradually as new transactions are introduced into it whenever it can absorb them or when the situation requires.

"In this stage, the exchange rate of the authorized banks will be unified with the free market exchange rate.

"The second stage is the one in which the unification of the exchange rate in the free banking market and the Central Bank will also gradually take place. After that, all transactions will then be within the context of the new market.

"The vital, certain thing is that the element of calculated gradual application will be observed until the market is fully established, for the following reasons:

"First, this gradual application must occur at the same time as the other comprehensive economic, financial and monetary reform steps. The most important of these are the ones which include the treatment of such structural disruptions as the deficit in the general government budget, the deficit in the balance of payments, the discrepancy between the rate of saving and investment and so forth.

"Second, attention to the social elements, most important of which are the influence on the costs of living, in particular as far as the basic commodities go.

"Third, attention to the ability of the Egyptian economy itself to absorb the effects of these measures."

#### The Remittances of Egyptians abroad

[Question] What are the Ministry of Economy's estimates of the savings of Egyptians working abroad and Egyptian emigres, since they are among the basic sources of remittances of foreign currency to the free banking market?

The minister of economy said, "The factors in estimating the real savings of Egyptians working abroad assume the form of the following three elements:

"The value of imports from private resources (what is known as importing without the transfer of foreign currency).

"The remittances of banknotes or remittances by the group of commercial banks.

"The annual increases which occur in personal accounts.

"Therefore the estimates of the savings of Egyptians working abroad, on the basis of these three elements, range from \$3 to \$3.5 billion a year.

"These savings of course are different from the savings of Egyptians residing abroad or emigrants, the true figures on which it is difficult to obtain, although the various estimates which have dealt with them have mentioned massive figures."

The minister of economy said, "I believe that the exchange rate in the new free banking market for the remittances of people working abroad and for all the transactions of investment companies, in addition to the climate of comprehensive economic reform and the confidence of the international community, will have the effect of attracting this money of Egyptians, Arabs and foreigners as well to invest in Egypt."

#### The Gradual Floating of the Pound

[Question] The new system is distinguished by flexibility in terms of prices and in terms of the changes its success requires or the gradual application of the stages of the market can accommodate. What changes have been made so far and what other new changes or requests for information and problems on the part of people dealing with the new free market have been discussed?

Dr Yusri Mustafa said, "The first step taken, a few days after the beginning of the new market, was a full explanation and assertion that all the investment companies' transactions lie within the framework of the new market. The second step is the incorporation of the transactions of the embassies operating in Egypt into the market as well.

"Alongside that, the incorporation of a number of other transactions into the market is being discussed and some requests for information are also being answered, most important of which are:

"A study of the means for estimating the social insurance Egyptians working abroad pay to their work entities.

"An investigation into methods of transaction with respect to the transactions of people working in international organizations.

"An investigation into the possibility of using the market's revenues to pay the commitments of bond authorizations."

#### The Credit Ceiling Is Temporary

[Question] In the context of the new money market, and before that the recent changes in credit policy, some people are concerned about the possibility that an economic contraction might occur, especially with respect to investment projects, in particular the ones which rely on the financing of banks. What is the minister of economy's view?

Dr Yusri Mustafa said, "The instructions bearing on the credit ceilings stipulate that until 30 June 1987 it is not permissible for the banks to grant



loans or credits in excess of 2.5 percent of the balance of these loans and credits on 31 December 1986. That means that these instructions are tentative and temporary and will be reviewed according to the requirements of credit and monetary policy.

"There is no doubt that these changes, in addition to the slowdown in the increase in the quantity of money in circulation, will have the effect of reducing the severity of pressures and inflation (which is reflected in the reduction of the severity of inflation and the rise in prices in the case of citizens). This policy will also lead to the improvement in the status of the Egyptian pound in the relative sense as a repository of worth relative to the foreign currencies.

"The certain thing is that the effect of this credit policy on the financing of long-term investments represented by new industrial and productive projects is considered to be minor, since these projects, in their financing, do not depend on commercial banks as much as on investment and business banks and specialized banks."

#### Response to All Requests

[Question] The Ministry of Economy has clearly specified an import policy by means of lists of goods which are categorically prohibited and goods which it is permitted to import. In spite of that, some people during the first days of the new market have been complaining that some banks are not responding to certain requests for the opening of credits on the argument that specific priorities for importing exist. What exactly is the situation?

Dr Yusri Mustafa stated most clearly "Except for the goods which it is prohibited to import in accordance with the minister of economy's Decree 333 for 1986 it is permitted to finance credits for any commodity. Therefore all banks are supposed to respond to requests for the opening of credits without priorities especially at the beginning of the new system. Priorities may be defined later in accordance with the interests of the Egyptian economy, but now there are no priorities. All that is considered is the relationship between the bank and the customer, the extent of the trust between them and the extent to which credit conditions are met in the activity to be financed. In other words, the bank may refuse the opening of credit for a client on the basis of the client's financial status and his prior dealings with the banks and other considerations in which the bank has confidence."

#### Exchange Rate Predictions Aired

Cairo AKHIR SA'AH in Arabic 27 May 87 p 11

[Text] Since AKHIR SA'AH has been following up on the developments of the new free exchange market, it has presented the views of senior economists, experts in banking activity, businessmen and importers over the past 3 weeks. In this issue, we will review new opinions by the counsellor of the People's Assembly economic committee, the first deputy secretary of planning for cooperation with international financing organizations and the manager of an investment bank operating in Egypt.

What is these experts' and economists' view regarding the new market system? What are their expectations for its future? What does the new system require in order to cope with all the negative features? What is their conception of the banks' role in the stage to come?

Dr Hasan al-Hayawan, the counsellor of the People's Assembly economic committee, stated "The new system is a necessary radical comprehensive economic reform step and it ought to have been adopted more than 10 years ago, at the start of the policy of economic liberalization, with the constant flow of free currencies it would have guaranteed and the relative advantage it would have given us for attracting capital and increasing our ability to compete in the export market. Consequently it would have been possible to benefit from these advantages in the past period. Therefore I view the adoption of these decrees as a bold step following a period of hesitation which lasted more than 10 years."

Concerning his expectations regarding the future of the new market, the counsellor of the People's Assembly economic committee said, "The stability and success of the new system are contingent on the degree of awareness of the various parties connected to the market, the people dealing with the banking system, who must feel that it is in their interest for this system to succeed because the alternative indeed is in no one's interest. The same holds with respect to people dealing with banks. The client's responsibility is embodied in the requirement that he be tenaciously patient and not rush to enter into the commerce of hard currency in the event the opening of credits is delayed due to any circumstances. The third party responsible for the success of the market are the people providing financing or the source of remittances of free currencies. These people's feeling of responsibility toward the national economy must be apparent, especially now that the essential reason for their turning to channels other than the legitimate ones, which is the difference in the rate, has disappeared, and in addition the new market will provide them with elements of safety, confidence and stability."

"The thing that is certain is that the responsibility for the success and endurance of the market is no less importance than the responsibility of thinking about the decree and issuing it."

Dr Hasan al-Hayawan said that the ingredients of success of the new system include clarity in the element of gradual application in the establishment of the new free market since this first stage will be gradually expanded until the full floating of the pound is achieved in 18 months. This clarity in gradual application will provide security and will make it possible to draw up accounts and plans for the future as far as people possessing hard currency go.

He said that the new system would achieve two advantages which would help modify the course of the economy in a perceptible manner. These are:

Giving a strong impetus to exports, since the real rate of the pound will be realized and this will make Egyptian commodities abroad relatively cheap, thereby enabling them strongly to compete.

Encouraging tourist activity in Egypt, since the costs and expenses of tourists there will be low, by the same criterion, and that will help the flow of tourist groups, as was the case in France at the beginning of Mitterrand's government, when the rate of the French franc dropped and France experienced a period of tourist prosperity which had not occurred in its history.

Muhammad Ahmad Jawhar, assistant general manager of the Alexandria Kuwait International Bank, said "It is a great step in the direction of eliminating the proliferation of exchange rates and it is 15 years late because it would have been possible to float the Egyptian pound in times when the rate of the dollar in the black market did not exceed 70 or 80 piasters. Because the new system is being applied gradually, the market rate-setting room must have all the indicators and data to enable it to adjust its conditions in a manner which is in keeping with the market, and the people conducting transactions in the banking system must present complaints and the obstacles colliding with this system as they arise.

"An example of that is the issue of the banks' entitlements among the customers for bond allocations. We must not make the customers resort to the black market to pay these. The solution is for me to increase disbursements within the market to cope with these financing requirements in foreign currencies. With the expansion of the new market it is also assumed that it is necessary to eliminate the system of imports without the transfer of hard currency. Thus we will be able to guide overall imports."

Concerning the indices of activity in the market, the assistant general manager of the Alexandria Kuwait International Bank said, "The citizens' receptivity toward the pursuit of transactions in the new market is completely clear, since the hard currency dealers were something exceptional and unique throughout the world. Banks always provide confidence, security and guarantees for their clients. It has been noted that the percentage of cash transactions is higher than transfers by checks, and that is proof that the citizens' retention of dollars as a repository of value has been great. The average daily remittances via the Alexandria Kuwait International Bank are estimated at no less than \$100,000 a day."

Muhammad Jawhar said that the future of the market was basically contingent on the flexibility of the rate-setting room, which will keep the process of attracting remittances continuous and stable. It is necessary that the period of stay of the Egyptians working abroad be taken into consideration in order to attract their savings in isolation from the enticements of hard currency dealers. The banks must be the prime body preserving the new system because that is part of their basic function. The banks must realize that the government and economic authorities have taken the most difficult step and the role now lies with the banks and citizens who have dollars.

Concerning his conception of the banks' role in the coming stage, he said that when the market's resources increase, the banks will be able to finance the foreign component of development and the constant flow of free currency will guarantee that they receive compensation in foreign currency, in turn. The banks must also act to limit the elements of excessive dealings among



certain clients and take a special look at financing the operation of productive projects.

He said, "We consider that the presence of the free banking market and the flow of foreign money will provide a kind of exchange rate stability which will limit the effect of these rates on the financial performance of the projects the banks finance because of negative features of discrepancies in the procurement of hard currency which have had a negative effect on project profits. This will add to the element of greater success in the context of the new market."

With respect to the condition of the payment of 65 percent on opening credits, Muhammad Jawhar suggested that a return be made to the same condition which existed by breaking it down into payment in gradual instalments. It is possible that the banks may give their clients credits for financing this percentage, but that will cause them to bear a greater burden which they will pass on to the consumers. It would be better to amend this condition in order to defer payment.

Dr 'Irfan Shafi'i, the first deputy minister of planning for financing affairs and international organizations, said "There is no doubt that the recent foreign currency market measures will lead to an increase in Egypt's receipts of foreign currency through the banking system by attracting the savings of Egyptians working abroad and also other available sources of foreign currency. At the same time it will lead to guidance in the disbursement of these foreign currency resources and therefore is to be considered a link in an interconnected chain of measures for comprehensive economic reform.

"This step, in its short-term effect, will reduce the degree of reliance on the outer world and in its long-term effect it will help restore balance between the foreign currency we receive and that which we spend, which will result in having the supply of commodities exceed the rise in prices at the same time demand is reduced, which is called the process of the 'mechanism of prices,' and the balance in prices will be restored. In a simpler sense, that will contribute to the failure of prices to rise over the long term."

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## VARIOUS POLITICAL FIGURES COMMENT ON RECENT ELECTIONS

## Al-Hudaybi on Brotherhood Victory

Kuwait AL-MUJTAMA' in Arabic 14 Apr 87 pp 16-20

[Interview with Justice Ma'mun al-Hudaybi by Muhammad 'Abd-al-Hawi: "After Our Victory We Call on the Government to Recognize Us"; date and place not specified]

[Text] Justice Muhammad al-Ma'mun Hasan al-Hudaybi, 64, is a leader of the Muslim Brotherhood in Egypt and the representative of the Islamic Alliance to the Labor Party [SLP] and the Liberal Party that ran for the recent parliamentary elections which produced results that surprised a good number of people. Mr Ma'mun is the architect of the alliance that brought over 40 leading Muslim Brotherhood members to the People's Assembly in one of the most salient political in modern Egyptian history. AL-MUJTAMA' had the following interview with him:

[Question] What is the Muslim Brotherhood's position on running for the recent parliamentary elections?

[Answer] Undoubtedly the Muslim Brotherhood has experienced different phases depending on the climate surrounding it. The phase through which we have been living for 15 years is marked by de facto existence and legal non-existence. In other words, ever since 1971 and a short while thereafter, we had a real and tangible presence and state authorities were aware of this presence and activity. Indeed, at some point during the regime of President Anwar al-Sadat, they felt a need for this activity due to the existence of a widespread leftist or communist element. Al-Sadat may have felt that allowing us some freedom of action would win him our gratitude and we actually remembered this favor, but within limits. We do not sell our call nor do we trade it for any reason whatsoever. Being grateful to him for allowing us some freedom of action does not mean that we ought to alter our call to overlook his actions. Moreover, we believe that such alteration is incompatible with Islam. That is why the Brotherhood became active at that time. But the climate soon changed when al-Sadat turned his back on us because of the strong stand we took against Camp David under the leadership of the late guide, Mr 'Umar al-Talmasani, our efforts to win legal recognition, and because of the the Brotherhood's criticism of his regime. The matter ended

with the September 1981 events and the arrest of Mr 'Umar and a sizeable group of Brotherhood members, followed by al-Sadat's assassination and the release of Brotherhood members and others from jail. The process was resumed, but under circumstances considered to be tighter than before. This state of affairs, namely that we were a force whose presence could not be denied, persisted in this manner. Events every now and then highlight our actual strong and widespread presence and ignoring it is like ignoring a reality that should not be overlooked. It is not wise policy for any state to deny the presence of a large segment of the population that espouses a certain ideology and has a certain call and whose members are cohesively and strongly bound together, even though they may not know one another.

Nonrecognition of such an entity cannot in any way be in the state's interest. In every phase we never tired of searching for a way out of our situation because we did not want to remain illegal. We tried to contact the president, the prime minister and the people in power and tried to come to an understanding with them. Unfortunately, however, we failed to establish serious and direct contacts with powerful and influential people. Then came the recent elections and we had to run because it was our chance to speak to the people, to preach our call and familiarize the public with its dimensions and demonstrate to everyone how widespread our ideology is and how strong our call is. We decided that our best chance was with the SLP, so we entered into an agreement with it and were joined by the Liberal Party, hence the birth of the so-called Islamic alliance between the Labor Party, the Liberal Party and the Muslim Brotherhood on the slates of the SLP in view of its being the strongest party that received 7.4 percent in the 1984 elections. We joined its slates and "praised be he who brings victory whence no man knows." The Islamic call soon emerged and the people quickly took to it and responded to it in a big way, opening their minds, hearts and souls. We sensed unprecedented response everywhere we went and the Brotherhood's potential became manifest and everyone sensed its presence and its being the influencing factor in the elections. A short while thereafter, it became evident that the real moving and influential force on the political scene in the election campaign, the force that gave this campaign a special taste and flavor, was the Muslim Brotherhood and the call of God Almighty. Being denied any means of contact with the people and of a legal nominal entity, we had to run for the elections and get to the People's Assembly. The People's Assembly, as is commonly known, has several functions for it is a legislative body that enacts laws and our task is to oversee such laws and steer them in an Islamic direction. It is a body that is supposed to direct state policy and this is another opportunity and part of our duty as preachers is to give the government sound legal political guidance based on Islamic legal policy as well. It is also an oversight body that oversees government and public corporation business and it is our duty as well to ensure that the oversight is exercised in accordance with Islamic principles. Hence, all these functions are grave and have a very great effect on the affairs of the state and the society, not to mention that our presence in parliament and our running for elections have made it clear that we are a Muslim Brotherhood that is not under the banner or umbrella of any other party. It is a common and established practice in the press and the official radio to mention the Muslim Brotherhood, the Labor Party and the Liberal Party when referring to the alliance. All writers talk about this alliance as an Islamic one with a

predominantly Islamic character. Thank God, we have found SLP leader Mr Ibrahim Shukri and Liberal Party leader Mr Mustafa Kamil Murad to be very understanding. Both have responded to the Islamic call and have been sincerely affected by it and all their speeches in all conference have been Islamic and in harmony with the people and the broad masses who used to attend and cover these conferences. This has had an enormous effect and there is no doubt that our image in this election campaign was outstanding and we thank God for getting many times more than we got in previous elections. This demonstrates popular support for the Brotherhood and one can no longer claim that the Muslim Brotherhood is a disbanded or nonexistent group or a terrorist one and so forth. Notwithstanding all the measures the government has adopted in an effort to take away from our triumph and our victory in these elections, thank God we, along with our allies, have achieved great success.

[Question] Can the alliance between you and the Labor and Liberal Parties continue in the post-election period?

[Answer] Everything in good time. The election campaign will have its own reactions and feelings and we have no objection to our continued cooperation with others so long as it is based on Islamic principles, for this is a source of strength for Islam. We do not seek positions and we do not support individuals. Rather, we are holders of the call and there is a time for everything. Indications are that, God willing, cooperation between us and the Labor and Liberal Parties will go on.

[Question] Do we understand from what you say that the rate won by the alliance is unrepresentative?

[Answer] Definitely. Had conditions been normal, we would have been able to move in a reasonably or semi-reasonable way during campaigning and during our contacts with the people, even though the election process did not occur in a climate created by the people's awareness of the 2000 arrests throughout the country. All these measures occurred in favor of the National Party and against us and it was with God's help that our leaders were successful, were not provoked by all these measures and were able to maintain their composure. That is why I categorically rejected all notions to withdraw from the election as we rejected all thoughts of violence or counter-terrorism. The leadership issued its specific instructions to all to exercise calm and self-restraint and, therefore, the Brotherhood did not do anything at the national level to disturb the system.

[Question] News agencies and some Egyptian newspapers reported that National Party members engaged in unlawful practices and meddlings. What do you think about that?

[Answer] Getting to the people was very difficult and all sanitation workers and Central Security were used to remove our posters and banners. Those distributing special candidate communiques were arrested and conventions were authorized only a few hours before they were to be held so that the people would not know about them. Moreover, election pavilions were being disapproved while under construction for alleged security reasons and had to



be moved several kilometers away. In some places pavilions were totally banned and pavilion supply shops were threatened with license revocation if they supplied the Brotherhood with chairs, cloth and so forth.

[Question] Are there security pressures on the Brotherhood now that the elections are over and the results have been announced?

[Answer] Pressures applied during the elections, which I have already mentioned, were new pressures. Today we have a manifest presence in the legislative body itself and it would be foolish and stupid for anyone to deny our presence and oppose our legal existence or to fail to recognize us and our popular support.

[Question] In your opinion, how serious are the Islamic principles and slogans raised by Labor Party Engineer Ibrahim Shukri and Liberal Party leader Mr Mustafa Kamil Murad regarding efforts to apply the Islamic shari'ah and how committed are they to this matter inside parliament?

[Answer] I personally feel that both of these gentlemen talk about this subject with conviction. I believe that they have been affected by the overwhelming enthusiasm of the people who yearn for the application of the shari'ah through the electoral conventions held in the country. Talk about the application of the shari'ah is not just campaign slogans, but, God willing, it will be transformed into serious work under the parliamentary dome.

[Question] What are your comments about the failure of the left, the Marxists and the secularists to win any seats in the People's Assembly? This is besides the drop in votes from 4.5 percent to 2.2 percent the Grouping Party suffered in these elections.

[Answer] This is a clear indication that we live in a faithful and religious country and most people reject atheism and wish to live by Islam. Time will prove this fact because the people of Egypt have been Muslim for a long time and reject secularism and other destructive calls.

[Question] How do you perceive the chances of broaching the Islamic shari'ah in the new parliament?

[Answer] I think that the opportunity to broach the subject of Islamic shari'ah legislation is greater than it has ever been, particularly in the presence of a strong opposition that believes in the application of Islam. Furthermore, some government deputies support the call and chances are good, I hope.

[Answer] What is the Brotherhood platform in the new parliament?

[Answer] The Brotherhood platform is one and the same inside and outside parliament. Our principles do not change and we are the holders of a clear doctrine, the doctrine of Islam. We call for Islam that covers all aspects of life: the social, the political, the economic, etc. All areas of life must

be under the umbrella of Islam and under the sovereignty of the Islamic shari'ah.

[Question] What are the basic issues on which you plan to focus in the new parliament?

[Answer] We hope to focus on the following: general freedoms, repeal of the extraordinary laws and repeal of the emergency law. We must acknowledge the fact that we are not a majority in the new parliament and are not decision-makers. We as an opposition are still a numerical minority and people must realize this so as not to expect too much from us. Our capabilities are better now inside parliament and we will do everything to raise the banner of Islam in realization of the people's hopes.

[Question] Regarding official recognition of the Muslim Brotherhood, why hasn't been achieved as yet and what do you plan in this respect, particularly following the clear magnitude the Brotherhood manifested among the citizenry in the elections?

[Answer] I think that the question of non-recognition must be directed to the officials themselves. We on our part have not missed any opportunity to address the officials and to establish contact with them in an effort to persuade them to grant us legitimacy, especially since there is no question now that we are not associated with terrorism, violence, extremism and other charges some people tried to pin on us. We will try now and in the future to meet with the officials and those in power and with the decision-makers to gain our right to express our opinion via official channels. People's Assembly member Mr Hasan al-Jamal a few months ago met with President Mubarak at his home to discuss the possibility of an official Brotherhood comeback. The president expressed his readiness to discuss this matter and we hope to obtain our right soon.

[Question] You were preparing papers for establishing a political party as a form of legal presence. What has been done in this respect and does your sizeable parliamentary victory dispense with the need to form a party?

[Answer] Before the death of Mr 'Umar al-Talmasani, God rest his soul, we began preparing papers for establishing a political party as our avenue to popular political action. The death of Mr al-Talmasani put a stop to the special studies which have since been resumed. We were somewhat distracted by the elections, but we will complete the study to form a party as part of our pursuit of official presence in the political arena. Notwithstanding the considerable number of seats we have won in parliament, we will resume the special study to form a party in order to have a media forum through which we can talk to the people, and preparations for the party's bylaws and political platform have been completed.

[Question] What is the latest about reviving AL-DA'WAH magazine and what is your current media forum?

[Answer] AL-DA'WAH magazine is still being obstructed by the administrative authorities under some pretexts, and we will continue to seek an Islamic media

forum to carry our call to the people. We are now cooperating with AL-SHA'B, AL-AHRAR and AL-NUR publications, but we do not have an independent media forum as yet.

[Question] As a deputy in the new People's Assembly, what are the qualities an Islamic deputy must have?

[Answer] They are the qualities of a Muslim who must follow the commandments of God. It is a matter of performing a duty and one must not seek such a position unless one is pretty confident of the ability to do a good job. Those who win must fulfill their duties with faith, honesty, impartiality and dedication to God Almighty. They must devote enough time to the study, the experience and the attendance required by such a task to achieve the best possible performance because it is a public service and not a private position.

[Question] May God bless you and we wish you every success in the Egyptian People's Assembly. May God be with you in your work for the good of Egypt and the Islamic and Arab nation and the mercy and peace of God be upon you.

#### Comments of Political Party Leaders

Kuwait AL-MUJTAMA' in Arabic 14 Apr 87 pp 21-23

[Article: "Egyptian Political Party Leaders Speak to AL-MUJTAMA'"]

[Text] On election day, during the vote count and following the official announcement of the results, AL-MUJTAMA' maintained an extended presence throughout the heated days in Cairo and other Egyptian governorates. During that presence, it met with senior Egyptian party officials to question them about their assessment of the various aspects of the elections, and about what they thought of the results. Responding to the question were:

1. Mr Muhammad Hamid Abu-al-Nasr, Supreme Guide of the Muslim Brotherhood, who said:

"We would like to make it clear to all that the election process was tampered with and that relatives of National Party candidates committed physical assault against the candidates of the Brotherhood and other parties and their supporters. Brotherhood candidates and their representatives and campaign directors were embattled throughout the country and over 2,000 Brotherhood supporters were arrested and are still in jail. Some sensed dreadful strain and tension in the air, hence we did not expect from the outset that the election results would be authentic because the elections were held under great pressure."

Mr Abu-al-Nasr added: "The alliance was expected to win over 100 seats, but the conduct of NDP members and the arrest of a large number of Brotherhood members before election day cleared the way for the National Party. At any rate, the outcome allows us to work inside parliament and to demand the application of the Islamic shari'ah with full freedom for the citizens and the

press and social justice." About the platform the Brotherhood plans to submit to parliament, he said: "We are in agreement with the special alliance platform the Labor Party announced during the election. What interests us most in this platform is the attempt to apply the Islamic shari'ah and to impress laws and society in Egypt with the Islamic stamp" About cooperation between the Brotherhood and the alliance in the People's Assembly, he said: "We welcome any cooperation to serve the country and our relations with the Wafd are good, whether or not we participate with it. We have agreed that Mr Ibrahim Shukri, SLP leader, is the leader of the opposition in the People's Assembly." Regarding his vision of the shari'ah's application in parliament, he said: "Talk about the application of the Islamic shari'ah has intensified and the climate is more ready than before. The opposition front has gained strength and there is a consensus in the country on the need to apply the Islamic shari'ah. This is a unique opportunity for us to try to convince the government of the importance of such a step.

2. Engineer Ibrahim Shukri, leader of the Labor Party, who said:

"To be sure, pressures applied in more than one governorate reduced the number of seats we won and certain practices had their effect because the voting rate was totally incompatible with the general rate. Therefore, I say the announced result illustrates the dimensions of prior arrangements, including the drafting and amendment of the elections law, the harassment of representatives and the absence of party and candidate representatives from the polls. All this undoubtedly had an impact on the results. Had the elections been impartial, the alliance would certainly have won 100 seats at least."

About the possibility of cooperation with the Wafd Party in parliament, Engr Ibrahim Shukri said: "This is naturally a likelihood and this opinion does not come from a vacuum. However, we as an opposition held a pre-election meeting and issued a number of decisions on constitutional reform." About the future of applying the shari'ah through the new parliament, Engr Shukri said: "I believe so, as I believe that, in the public interest and in realization of the people's wishes, we must hold a dialogue with the National Party on applying the shari'ah and must not be satisfied with just submitting it to parliament."

3. Mr Mustafa Kamil Murad, leader of the Liberal Party, who said:

"Some governorates confirm unreasonable tampering at the polls. For example, to show a 90 percent voter turnout and to give the NDP 90 percent of the vote, as happened in al-Minufiyah Governorate, and for Minister Sulayman Mutawalli to win in al-Minufiyah in the individual precinct and by a number of votes not won by anyone, what does it all mean? Some polls were closed by force and there is evidence to prove that. These elections are more representative of the various political currents headed by the Muslim Brotherhood and the Islamic groups headed by Shaykh Yusuf al-Badr who defeated the current minister of war production. The turnout was exaggerated for the fact is that the voting rate was no higher than 40 percent and the announced rate was 50 percent.



"Add to that the pre-election arrests of over 2,000 Brotherhood members. The fifth thing is that the Liberal Party won three individual seats and seven seats within the slates."

Regarding non-representation for the Grouping and Ummah Parties, Mr Mustafa Kamil Murad said that that was indicative of the inequity of the law because the Grouping could have been represented by the eight seats it won and the Ummah Party by about one seat. About the alliance's survival after the elections, the Liberal Party leader says that the alliance is not an end but a means to achieve a goal which is to apply the Islamic shari'ah, to implant democracy and to solve the fundamental problems of the people.

4. Dr Wahid Ra'fat, deputy leader of the Wafd Party, who said:

"The election results are not gratifying. What does the change in the announcement of the results mean? The electoral law is a complicated one and there is nothing like it anywhere in the world. There was fraud and manipulation at most of the 21,000 polls and the biggest evidence of that is the exclusion of the parties' representative from the polls. The polls did not have party representatives and some give the electoral law a special interpretation."

It is a complicated and complex law. Take, for example, the voting for a slate, an individual or floating seats. He says that they had asked for judicial supervision, but this was not done satisfactorily.

5. Shaykh Ahmad al-Sabahi, leader of the Ummah Party, who said:

"We received 8 percent but the NDP took over a quarter of a million votes from the Ummah Party because we did not find representatives. Al-Sharqiyah Governorate is our home and we are supposed to receive 75 percent because this party is one of its glories. We should have received 100,000 votes in al-Sharqiyah's first district, and we believe that the majority of the people support the Ummah Party because we are a new party and they are convinced of the mission we announced on TV. Our representatives were few, but they were kicked out and the National Party received Ummah Party votes.

Names of Muslim Brotherhood winners:

The Egyptian parliamentary elections held last week resulted in the victory of a large number of Muslim Brotherhood leaders. The results, by districts, were as follows:

Cairo: Hajj Hasan al-Jamal, Muhammad Tawfiq Qasim, Muhammad Mahdi 'Akif, 'Abd-al-Hay al-Kafrawi, Mukhtar Muhammad Nuh, Ahmad Sayf-al-Islam Hasan al-Banna', Hanfi Fahim and Husayn 'Uthman.

Alexandria: Muhammad Husayn and Basyuni Ibrahim al-Sayyid.

Al-Sharqiyah: 'Abd-al-Rahman al-Rasad and Ibrahim Abu Talib.

Al-Daqahliyah: Mahmud Nafi' and Ibrahim Hasan Ibrahim.

Al-Minufiyah: Abu-al-Futuh 'Afifi.

Al-Buwayrah: Bashir Muhammad Ibrahim 'Uthman and Muhammad 'Ali al-Dib.

Al-Qalyubiyah: 'Izz-al-'Arab Fu'ad Hafiz.

Suez: 'Abd-al-'Azim al-Maghribi.

Giza: Justice Ma'mun al-Hudaybi, Dr 'Isam al-'Aryan and Mustafa al-Wardani.

Kafr al-Shaykh: Muhammad al-Shaybani, Lashin Abu Shanab, Ahmad Muhammad al-Bass, and Muhammad Mahmud Hilmi.

Al-Fayyum: 'Abd-al-'Aziz 'Ushari.

Bani Suwayf: Yasin Ahmad 'Abd-al-'Alim.

al-Minya: Muhyi-al-Din Ahmad 'Isa and Mahmud 'Ali al-Hakim.

Qina: Mustafa Ramadan.

Independents:

Muhammad al-Sayyid Habib: Asyut.

Salah Abu 'Isma'il: Giza.

Dr Hasan al-Husayni: al-Sharqiyah.

Muhammad Tusun: Minya

Shaykh Yusuf al-Badri: Cairo.

The total is 36 deputies and there will be runoff elections for Tal'at al-Shinnawi and Mustafa Abu Shula'.

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## IMPLICATIONS OF ELECTION RESULTS FOR LEFT EXAMINED

Cairo AL-JUMHURIYAH in Arabic 21 Apr 87 p 5

[Article by Muhammad Sa'd Abu 'Amud: "The Elections and The Crisis of The Egyptian Left"]

[Text] The elections are over and the results have been announced. The new People's Assembly is getting ready to convene and every Egyptian wishes the assembly success in the performance of its legislative and oversight role assigned to it by the constitution.

What is left of the 1987 elections, however, is their special significance with regard to the political forces in Egyptian society and the activity of each one of them in political life; the nature of the new alliances that came into being; the state of the disbanded alliances; and the impact of all of this on the positions of the various political forces in Egyptian society on the Egyptian political scene. This is something that will undoubtedly have an impact on all political action in the upcoming state.

Perhaps the gravest outcome of the recent election campaign is the negative showing of the leftist movement in Egyptian political life. By this I do not mean that the left did not win any seats in the elections, an indication of defeat and fallback, but that the left was defeated before the elections got underway because it failed to convince the man in the street of its ideas, opinions and programs even though these programs contained many good and well organized ideas that can be put into practice if we so desire.

Hence, the question that various leftist political forces ought to raise is why did these ideas, opinions and programs fail to gain the required acceptance on the Egyptian political scene?

This question should be asked by all leftist forces wishing to push society's movement in a better direction.

I say to all these national forces that the "peg" of forgery is not enough to explain this situation and the state of affairs the Egyptian left is in. The loss in votes was heavy and very high between the 1984 and 1987 elections. In 1984, the number was over 400,000 votes and in 1987 it dropped to 150,000 while. In the meantime, alliances came into being and were able, under the

same election campaign, to surpass the prescribed rate to get to the People's Assembly and lead the opposition. Therefore, the Wafd, the dissolution of its alliance with the Muslim Brotherhood notwithstanding, was able to get to parliament.

Therefore, the only losing element in the 1987 elections is the left despite the fact that, in these elections, it was not subjected to media campaigns it faced in the previous elections.

The question we ought to be discussing is why did the left fall back in this election campaign?

The answer to this question is not easy, but we will try to render a judgment in the following brief answer:

First, the left ran for elections for which it was unprepared. Indeed, it was undermined by the many pre-election factors, perhaps foremost of which was the sudden dissolution of the opposition party alliance, an alliance that lasted only a few hours and was represented in the holding in 'Abdin of a convention that included all opposition forces. The Grouping Party, just like the Egyptian left, worked very hard to bring about the holding of this convention, but the announcement of the decision to call for a referendum one day before the conference to dissolve the People's Assembly weakened and aborted the newborn alliance. Developments followed in uncommonly rapid succession during which the left was unable to put its affairs in order while the other political forces were able to organize their movement and their alliance. Perhaps the best fundamental position to be credited to the Grouping Party at this stage is its refusal to join the alliance, which included the Labor Party, the Liberal Party and the Muslim Brotherhood, because this means that getting to the People's Assembly was not an end in itself but a means for realizing reform.

Second, the alliance between the Labor Party and the Muslim Brotherhood, in one way or another, had an effect on the Egyptian left, for the Labor Party, with its historic legacy and its leaderships, represented the left-of-center, and this alliance between the left-of-center and the right-of-center represented by the Muslim Brotherhood intensified the Egyptian left's crisis and brought its credibility and theses into question.

This situation allowed the Brotherhood to put forth its opinions and ideas before the broadest circle while this alliance restricted the movement of the Egyptian left represented by the Grouping.

Third, the left's election platform, although one of the best platforms put forth in the arena, had some redundancies that detracted from its persuasive powers with respect to the common man. Why call upon people to accept ideas that have not been and apparently will not be put into practice? This situation led to the rejection of the left's platform and to failure to arouse the people's enthusiasm to advocate and rally around it.

Fifth, the Grouping Party was unable to include influential personalities on its slates. The party's slates included old symbols that had never won any



elections, in addition to some elements rendered unacceptable to the common people. What was acceptable in the seventies may not be acceptable now that we are approaching the nineties. As for the new elements, they are inexperienced in electoral fights. These are things that no doubt weakened the party's chances for victory.

Sixth, the disintegration of the national leftist forces while other forces joined in alliance: the Nasirites cut down on their activities within the Grouping to get ready to announce their own party and the communists outside the Grouping have their own demands for announcing their party.

These matters were bound to weaken the Egyptian left in the recent election campaign to the point of rendering it the only loser in these elections.

The last question we raise here is why are we so interested in the Egyptian left?

The answer is that the Egyptian left is a national current that includes the best educated elements in Egypt and must be given the chance to present its ideas and opinions, and because stability can be realized only in the presence of all political forces. Such a presence and the development of a democratic dialogue are bound to expose the extremists of various orientations and isolate them, thus sapping their strength and reducing their effectiveness. Moreover, the advancement of political dialogue among the various political forces in society and greater forbearance in dealing with these forces tend to politicize the struggle and move it away from distasteful sectarianism.

12502

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## NEW CENSUS RESULTS OUTLINED

Cairo AL-JUMHURIYAH in Arabic 19 Apr 87 pp 1-2

[Article by Nahid al-Minshawi and Ahmad Gharib: "We Are Now 50.4 Million Egyptians; 1.8 Million Vacant Apartments!"]

[Text] The population of Egypt reached 50,455,049 when the general census was conducted on the eve of last November 17 and 18. This is what Dr 'Awad Mukhtar Halludah, director of the Central Agency for Public Mobilization and Statistics [CAPMAS], announced in a press conference yesterday. He said that 48,205,049 people were in Egypt and 2,250,000 were abroad.

Preliminary census results showed that the population growth rate was 2.8 percent. Cairo's population was 6,052,836, representing 12.06 percent of the total population. The population of Giza Governorate jumped to 3,680,000, rising to 2nd place from 5th place in 1976. Alexandria retained its 6th place and al-Qalyubiyah placed 9th instead of 13th.

Census indicators showed a drop in emigration from rural to urban areas and a rise in the number of children under 6 years and individuals from 6 to under 12 years. The number of individuals from 12 to 64 years of age dropped, thus reflecting a rise in the rate of transfer.

Preliminary results manifested a drop in the rate of illiteracy among 10 year olds, from 57.2 percent to 49.2 percent and the rate of literates rose from 21 to 24.4 percent. The number of college and post-college graduates doubled, from 2.2 to 4.4 percent and that of married people rose from 65 to 65.5 percent. The average family size was 4.9 members nationwide; 4.6 members in urban areas and 5.3 members in rural areas and over that in the governorates of al-Wadi al-Jadid, Matruh, Kafr al-Shaykh and al-Buhayrah.

Preliminary results revealed the existence of over 1.8 million vacant apartments, out of 11,314,538 housing units nationwide. The number of firms is 1,949,386, 66.5 percent of which are in urban areas and 33.5 percent in rural areas.

Dr Halludah said that census results show that 73.1 percent of the population got fresh water via public water systems, 92.4 percent in urban areas and 55.9 percent in rural areas. The rate of houses supplied with electricity from the public electric system is 86.98 percent, 96 percent in rural areas and 78.9 percent in the overall rural area.

## POLICY TOWARD PALESTINIANS EXAMINED

Cairo AL-MUSAWWAR in Arabic 1 May 87 pp 4-5

[Article by Makram Muhammad Ahmad: "We and the Palestinians"]

[Text] In the wake of what happened in Algiers, no Egyptian can afford but to ask himself: Why is it that only Egypt is the one that receives Sinimmar's reward [an unjust, undeserved punishment] after all it has done for the Palestinian cause? Why the ingratitude and denial? What would happen if Egypt cast away a burden which it has been shouldering alone, as the people concerned with the burden are well aware?

No Egyptian can but ask himself: What necessities dictate that Egypt make the Palestinian cause its main concern and preoccupation when the Palestinian leaders find nothing to unite them other than hurling stones at Egypt's face?

They side with al-Asad and they maintain a disgraceful silence in their latest National Council over what Damascus has done. They maintain silence on Tall al-Za'tar, on the Tripoli war, and on what al-Asad has done and continues to do in the camps. At the latest Palestinian Council, not a single Palestinian leader opened his mouth to say a single word about Damascus' actions, knowing full well that al-Asad wants their chief's, 'Arafat's, head and knowing that al-Asad denies them a homeland or an independent state because he does not believe that the Palestinians are entitled to an independent presence within the framework of his rash dream of a "greater Syria"--a dream which has become a muddy and bloody quagmire in Lebanon.

They buy the friendship of al-Qadhdhafi, who was exposed before the entire world when his fleeing army was exposed in Chad, leaving behind a vast booty of sophisticated weapons valued at \$1 billion. In their National Council, they bestow upon him the noblest qualities and accept--despite their conviction or in submission to his will--in the name of national unity to restore to the Palestinian ranks al-Qadhdhafi's agents who have been accumulating greater and greater wealth with their intensifying crimes against the Palestinian people, who suffer from the humiliation of captivity and occupation at home.

Habash has returned to dictate Damascus' conditions on 'Arafat. In the dialogue conducted in the Libyan Jamahiriyah, Ahmad Jibril has returned to perpetrate his rash acts within the framework of the PLO on behalf of the colonel.

Let the Palestinians at home and in exile rejoice. Let all rejoice. The hour of victory has come nearer now that the PLO has restored its lost unity. The proof of its unity is there for all to see. It wants to reexamine its relations with Egypt on the basis of the resolutions of the 16th National Council, which urge the organization to confine its relations to the Egyptian people and their progressive forces. As for relations with the government of Egypt, they will be reexamined when the PLO's new Executive Committee meets to determine what it deems fit in connection with Egypt.

What has Egypt done to receive Sinimmar's reward from the latest National Council?

Egypt has regained its territories without squandering any of the others' rights.

When it signed the Camp David accords, Egypt did not commit any Palestinian or Arab side to anything. Egypt left it up to the Palestinians to make their final decision.

When it negotiated with the Israelis on self-rule, Egypt did not agree to whatever would undermine the Palestinians' right to self-determination. Egypt left Camp David breathing its last breath at the negotiation table, but left the task of burying the corpse to Begin.

When the Arabs met in Fez to offer a new initiative, Egypt said that it would be the first to support the initiative and that what was important was for the initiative to develop fully the elements of practical implementation and of effective execution. But the Fez initiative also breathed its last breath under the canopy of Arab powerlessness.

When in the wake of the departure from Lebanon the Palestinians became like a feather blown in storms coming from every direction, Egypt stood by the PLO, protected its leaders' departure from Tripoli, embraced its right to represent the Palestinian people, and did all it could to enable the PLO to restore its credibility.

When it seemed to all that the international conference was the best guaranteed path, Egypt crystallized the idea with its political struggle to make it the subject of consensus and acceptance and the cause of a real and violent split that has been threatening the ruling coalition in Israel since Shimon Peres declared his acceptance of the international conference in Alexandria.

In recent years, the Egyptians and the Jordanians have been the only ones fighting on the bitter political struggle front to preserve the PLO's right to be a fundamental party to a settlement and to propagate the international conference idea by insisting on it as the only means to achieve a just peace.

The Egyptian and Jordanian sides have often paid the price of their adherence to the PLO in the form of lukewarm relations with the United States and the two sides' interests in the United States were affected when they refuted Washington's credibility in the Arab world in the wake of the U.S.-Israeli arms deal with Iran.



In the quagmire of Lebanon, the Syrian president has been preoccupied with destroying the PLO, shattering its unity and uprooting its existence, and with his other role of collecting the reward for the European hostages. Colonel al-Qadhdhafi has been preoccupied with his fascist gamble in Chad and the Palestinian leaders have been preoccupied with their internal conflicts and their divided fighters and with repelling Syrian plots. The other Arabs have been watching and waiting.

Only the Egyptians and the Jordanians have been fighting on the struggle front for the Palestinian cause.

I do not say this in defense of Egypt's position toward what has happened in Algiers because Egypt's position needs nobody's testimony. I say it so that all may know the justifications for the question every Egyptian is asking himself in the wake of what has happened in Algiers, namely: What need is there for this burden? What could happen if we fully dumped it in the laps of the people concerned, considering that mini-alliances continue to govern our peoples' interests and that our Arab world's supreme interests continue to be governed by the Syrian bully's gangsterism and by the colonel's blackmail?

If there are among the Palestinians those who doubt these facts because a narrow circle of Egyptian friends tell them otherwise, then I believe that these Palestinians are basing their ideas on a deceptive illusion.

The Egyptians have reached the point of boredom with this tragi-comedy for which they know of no other solution than to return Sinai to the Israelis so that al-Asad may be pleased with Egypt and so that the leaders of the Palestinian left may be pleased with his pleasure.

What happened in Algiers is largely a comedy reflecting the ultimate in this tragedy, and here is some of the evidence of this tragedy:

With his forces and with Nabih Birri's forces, al-Asad stands at the gates of the Palestinian camps and subjects them to a tough and cruel blockade over which the Arab conscience raises a hue and a cry and then al-Asad asks 'Arafat to pay a specific price for lifting the blockade, namely that 'Arafat and all the factions and leaders march in line to Damascus to sign a joint pledge to sever relations with Egypt.

Al-Qadhdhafi asks 'Arafat for three specific things in order that he may honor the National Council with his presence, adorned with the crown of his latest victories in Chad, namely:

- That the Palestine National Council issue a decision terminating the PLO's relations with Egypt and that the conferees in the council laud the colonel's role in achieving the PLO's unity.
- That the Palestinian-Jordanian agreement be cancelled in submission to the dissident, but now returning, Palestinian left.
- That 'Arafat accept Abu Nidal, the man with the biggest terrorist record in the world, as a party to the unity of the Palestinian ranks and that 'Arafat

cancel the Cairo declaration in which he condemned the violence of terrorism so that the notion of Palestinian terrorism, not of Palestinian rights or the Palestinian revolution, may be entrenched in the minds of everyone.

Chadli Bendjedid, who hosted the National Council in Algiers, also asks 'Arafat to accept the president of the Sahara Republic as one of the delegates invited to attend the National Council and to allow this president to address the Palestinian meeting from the council's podium.

'Arafat tried to maneuver in response to al-Asad's demand and invited the Syrian president to attend another steadfastness and confrontation summit to be held in Tripoli upon the conclusion of the Palestine National Council's meetings in Algiers. But al-Asad turned down 'Arafat's proposal, knowing that the world would respond to such a step with biting derision because the steadfastness and confrontation summit has long been dead. Instead, al-Asad warned 'Arafat that his army's continued presence in the alliance depends on the issuance by the council of a decision denouncing the Camp David accords and freezing the PLO's relations with Egypt.

'Arafat also tried to outflank some of the Libyan demands. But al-Qadhdhafi dispatched Abu Nidal to Algiers, accompanied by his cousin, Qadhdhaf al-Damm. When the negotiations for the return of Abu Nidal, who has killed dozens of Fatah's most prominent cadres, failed, the colonel refused to attend the conference.

Third, 'Arafat tried to tell Algeria that he is eager for relations with Morocco but the head of the Sahara delegation climbed the Palestinian meeting's podium and delivered a speech which resulted in Morocco freezing its relations with the PLO.

It is certain that some manifestations of this tragi-comedy will expose the dimensions of the deterioration in the Palestinian position inasmuch as they will expose the dimensions of the deterioration in the Arab policies founded mainly on cheap blackmail, on alliances with petty objectives, on the destructive desire for containment, on the fearful inability to address the crux of the problems, and on conspiratorial disregard for supreme pan-Arab interests.

I asked myself at the beginning: What need is there for this burden and what could happen if we fully dumped it in the laps of the people concerned? I say with utter frankness: There is absolutely no harm in our--we, the Egyptians--casting away this burden and leaving it to the people concerned if the game reaches this level, unless Egypt abandons its disinclination to engage in the same game.

I say this without fear of being accused of isolationism or of denying my Arabism because participation, even through silence, in what is happening is a mockery which the Egyptian conscience cannot withstand.

I know that we may be doing a sound current in the PLO--the more rational and moderate current--an injustice. But how often have the others, both moderates and non-moderates, done Egypt an injustice! We hear good words everywhere

about Egypt and its role. But they are words that come from the lips and that cannot withstand any testing. They are words that break and retreat everywhere under the pressures of the bullies and the bribe givers.

Egyptians will not spend their nights sleepless and will not go to bed without dinner if we give the Palestinian leaders, now that their ranks have been united, the chance to try all paths so that they may realize that there is only one right path to be chosen and so that they may realize that a man concerned with a cause cannot follow numerous and conflicting paths. Even though circumstances may dictate such action at times, he has to choose the right path at the right time. Regrettably, the Palestinians have not done this in Algiers.

The objective of the council meeting was sound, namely to achieve some sort of Palestinian consensus on accepting the international conference as a framework for a comprehensive and just settlement for the crisis. 'Arafat had, as he told me in Algiers, information assuring him that the talks between Moscow and Washington on the international conference have entered the phase of discussing the procedures, that there were strong hopes that the conference would be held before year's end, that the ruling Israeli alliance will inevitably break up, that the Israelis will go to the ballot box before this autumn's end to select a new government more qualified to prepare for the international conference, and that numerous ideas being discussed behind the scene could result in a Palestinian representation acceptable to all the parties concerned, especially the idea of reviving 'Arafat's old proposal that the Palestinians be represented by three American professors of Palestinian extraction, namely Edward Sa'id, Hisham Sharabi, and Walid al-Khalidi.

But as usual, the PLO cannot attack a sound objective directly. It circles the objective for a long time, advancing one step and retreating two to confuse the situation further and mix up the cards.

In Algiers, everyone returned: Habash, Hawatimah, and Ahmad Jibril. They all returned at Soviet urging and with Syrian-Libyan approval to declare their position on the international conference. But 'Arafat had to pay in Algiers al-Qadhdhafi's bill, al-Asad's bill, the Algerian president's bill, and the bill of the returning brothers, namely Habash, Hawatimah, and Jibril. Thus, going to Algiers for the sake of unity in the Palestinian ranks and for the international conference tore up the Palestinian-Jordanian agreement while approving the Palestinians' right to self-determination within the framework of a confederal union with Jordan and while acknowledging that there is no alternative to strategic coordination between Jordan and the Palestinians. They also squandered what Egypt has offered and squandered their relations with Morocco. They have restored al-Asad's and al-Qadhdhafi's control over Palestinian decision-making or have at least given al-Asad and al-Qadhdhafi the opportunity to pounce on this decision-making. Instead of discovering the right path to the international conference, they have led their cause into new labyrinths.

Some people still believe that 'Arafat continues to hold most of the threads in the situation even though the circumstances have forced him to take two steps backward. But the question is: After the Algiers conference, will 'Arafat

have the same ability to move or had he tied his own hand with the return of the absent comrades whose demands only a few months ago ranged from his head to a reduction of his role in the PLO? Finally, what part of the international conference story falls within the circle of facts and what part within the circle of wishes? This is another issue.

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## NEW AGRICULTURAL COLLEGE IN AL-'ARISH

Cairo AL-JUMHURIYAH in Arabic 20 Apr 87 p 7

[Article by Bathinah 'Abd-al-Hamid: "Seven Departments in the Agricultural and Environmental Science College"]

[Text] High school graduates for this year can add another new choice to those already available to them. This choice is the possibility of enrolling in the new college, the Agricultural and Environmental Science College. In its first year, it will admit 50 high school students. It is located in al-'Arish, North Sinai, and will join the already existing College of Education. About the new college, we met with Dr Ahmad Isma'il Khudayr, president of the university, to talk about the new college. He said: "It has basically created several functions in the development of the Sinai by turning out a group of agricultural engineers trained to work on the new land and its projects, the environmental conditions that sets Sinai apart and the development of natural grazing land."

He added: "The college follows a special system different from all other agricultural colleges at other universities, for it is a 5-year college."

The college's bylaws provide for establishing 7 departments for environmental science and natural resources; land, water and plant production section; fish wealth safety; animal production safety; marine biology; agricultural production; and economics and rural development.

Its graduates are thus qualified to work in agricultural guidance, to apply research, to manage agricultural projects and conduct agricultural research.

The university, at the request of the Agricultural and Environmental Science College, awards a BA degree in agricultural and environmental science, an MA, a Ph.D. and a diploma in one of the fields of specialization.

Studies are done in three stages: The first is the preparatory stage which is the first year of college during which students learn to use machines and information sources, utilize reference books and study the English language and the computer. The next two years are the intermediate field studies stage for a number of applied sciences. Then comes the specialization stage which is two years. During this stage, the student depends totally on self-study,

exploration and experimentation at the library and the laboratory and debates his observations and readings.

The new college has a library that will be equipped with the latest scientific books and sources, for example. Laboratory equipment has cost half a million dollars. Dormitories on the university campus in al-'Arish can accomodate 1,000 students.

Dr Khudayr declared that he will ask that graduates be accredited with one year seniority when they work for the government or the private sector.

They will be given the chance to own land which they can reclaim and manage collectively and the governorate will give these graduates living and housing benefits.

12502

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## BROTHERHOOD'S SUPREME GUIDE ABU-AL-NASR INTERVIEWED

London AL-DUSTUR in Arabic 4 May 87 pp 20-22

[Interview with Shaykh Muhammad Hamid Abu-al-Nasr by Nada al-Qassas: "We Approve the Establishment of a Communist Party and One for the Copts"; in Cairo, date not specified]

[Text] The Muslim Brotherhood's status in Egypt has shifted back and forth from progress to decline. From 1928, the year the Brotherhood was founded, until 1948 when Shaykh Hasan al-Banna was assassinated, progress was fast. Thereafter, clash was the rule of the Brotherhood with other groups and even governments. It was in this sphere that the 1954 and 1965 clashes occurred. The government then entered into a totally new phase in the seventies which extended to the eighties when the Brotherhood announced its "new birth" in the 1984 parliamentary elections. In the recent elections, the Brotherhood put forth, perhaps for the first time, an Islamic solution as the sole alternative for counteracting other theses.

To ascertain the Muslim Brotherhood's platform and special visions about the whole array of domestic, Arab and international issues, AL-DUSTUR met with the Brotherhood's supreme guide, Shaykh Muhammad Hamid Abu-al-Nasr, and had the following interview:

[Question] What is the future of the alliance with the Labor Party, especially since the opposition press had talked about an election leaflet carrying the signature of the supreme guide and calling for boycotting and breaking up the alliance?

[Answer] The alliance between us and the Labor and Liberal Parties is in place and we hope that, with God's help, it will grow stronger and more firmly established in the future. As for the leaflet that was supposed to have my signature, it is not authentic and our relations are still good. We have agreed that Mr Ibrahim Shukri be the leader of the opposition in the People's Assembly.

[Question] Is there a general agreement or instructions that your deputies concentrate in parliament on the Islamic shari'ah issue? And has the growing dialogue within the Brotherhood on the shari'ah issue helped you form a total

conception of the application of the shari'ah, the divine statutes and the definition of human relations?

[Answer] Naturally. The application of the shari'ah will be reasonable and well-balanced. We have learned from experience in Sudan where application was hasty and unbalanced. Therefore, we call for applying the shari'ah in a calm and gradual manner with a measure of justice, contrary to what the people think. We are demanding the application of the shari'ah because it is the road to our salvation in Egypt.

[Question] This will required amending the constitution?

[Answer] Yes. We will ask that the constitution be amended to suit the changes we desire, but we will not change it in one bound, even though I believe that such a change is not urgent presently, particularly since the constitution stipulates that the Islamic shari'ah is the main source of legislation.

[Question] You said that the application of the shari'ah will be gradual? How will that be handled and what are the priorities?

[Answer] We must first create, via the mass media, a climate suitable for Islam after which we can proceed step by step until the whole country takes on a religious character. Second, the next generation must be brought into Islam and this requires a change in the educational programs. Then things can be taken gradually. As for the priorities, this is what people must change quickly and the first thing is social justice and equity among the people.

[Question] How can social justice be achieved?

[Answer] The poor, the helpless and the elderly must receive their rights. There must be alms giving and hospitals must be opened to the poor. This requires prompt action to establish a fund to spend on the Muslim poor.

[Question] In your speech addressing President Mubarak, you emphasized that the economic crisis was the natural product of the moral crisis. Some observers believe that this concept underscores the common belief that the Brotherhood lacks a total vision of the economic problem.

[Answer] We believe that all the corruption we have is due to the fact that the people are deprived of their Islamic beliefs because these beliefs regulate people's conduct and root out corruption and deviations. The truth is that the crisis is more of a moral than an economic one, and he who does not have morals and religion cannot settle or remedy any crisis.

[Question] Does that mean that you do not have a scientific solution to the economic crisis?

[Answer] We have regulations in Islam such as the prohibition of usury. However, present economic systems are different from the old ones observed in early Islam. New economic relations have been created and we can reject what



is at variance with Islam and accept all those that are approved by and compatible with Islamic principles.

[Question] Can the problem of high prices, for instance, be solved from your point of view through price fixing or the law of supply and demand?

[Answer] We support the law of supply and demand because were it not for hoarding, prices would not have gone up. If people would only take what they need, goods would be available and corruption by wealthy people, who are able to stockpile, would be stemmed. Naturally this can be done only through faith.

[Question] Where do you stand on private ownership and the nationalization of production?

[Answer] Private ownership is respectable so long as the owner pays alms and taxes, save for exceptional cases the ruler deems to be in the national interest, and is done with the owner's approval. But we do not approve of nationalization under any circumstances.

[Question] Investment companies have stirred up many problems recently. Where do you stand on that and what is your opinion about allegations that such companies backed you in the recent elections?

[Answer] We welcome Islamic companies because they refuse to deal in usury. All our money is deposited with them and is subject to profit or loss. As for assistance, it is available from all brothers inside and outside Egypt, which is natural. The house we own in al-Darb al-Ahmar was bought from money some ladies raised by selling their jewelry. We get excited when we enter any battle and collect donations in amazingly large amounts and do not have to beg governments, the wealthy or companies for donations. All these piasters came out of Muslim Brotherhood pockets.

[Question] But these companies speculate in gold on the world market and deal in currency?

[Answer] This is what the enemies of these companies say and we have not ascertained that. Some of these companies do not follow the Islamic way for there are companies that have gone this way, raising the Islamic banner to attract Muslim money. Do not construe this as an indictment against anyone, but there are other Islamic companies that actually play with words.

[Question] We have heard recently that the Brotherhood has delivered a legal opinion that currency dealing is permissible. Is that true?

[Answer] No, it is not true. This may be an independent judgement by others, but we have not said that.

[Question] In your opinion, have Islamic banks succeeded in overcoming the problem of usury and interest?

[Answer] Of course. As far as we know, they do not use interest at all. If we learn to the contrary, we will definitely boycott them. We promote them because they only deal in accordance with shari'ah laws.

[Question] In their dealing with other non-Islamic banks and in international transactions, don't Islamic banks deal in usury?

[Answer] As far as we know, they do not.

[Question] Does the Brotherhood's entry to the People's Assembly signify a tacit approval of democratic institutions and frameworks in Egypt?

[Answer] Yes, and we are demanding more democracy, but in keeping with the faith and Islam. Freedom given to the performing arts--even though it is one of God's revelations--is not considered true freedom because it leads to the decay of youth in Egypt. The performing arts is a means of bringing young people under control and raising them on courage, intrepidity and strength. As for the democratic institutions and frameworks, we approve of them and they are not bad.

[Question] Is the current People's Assembly considered the final authority?

[Answer] Yes it is.

[Question] How do you assess the recent electoral experience?

[Answer] It was an experience that was almost great were it not for the meddling of the interior ministry. It used terror tactics and some Brotherhood members are still held in jail, and they say free elections! The fact is that the statements unfortunately are contrary to the facts.

[Question] How do you assess the democratic experience?

[Answer] Not bad. But we are asking for more because, so far, it is a democracy of interest in the sense that if the National Party wishes to grant democracy to someone it does so to the exclusion of others. Witness the fact that all currents have parties and we do not. This means that freedom nowadays is not for everyone.

[Question] How do you see the future of the multi-party system in Egypt? Do you believe that under the auspices of a religious state, a multi-party system allowing the existence of a communist party, for example, can be established?

[Answer] We did not create the communist party, it was there. On the other hand, however, we welcome the existence of a Christian Coptic party. In the end, all this will be in the hands of the People's Assembly. At any rate, I expect the multi-party system to be enhanced. Furthermore, we do not demand a religious government, but rather an Islamic one. We do not have a "clergy" and do not ask that we play the role of the church in the Middle Ages. Rather, we demand a government that follows the principles of Islam and we welcome all points of view. Mr Hasan al-Hudaybi was of the opinion that it

would be better for the communist party to come out into the open and to manifest its principles and it is our job to dispel these principles--if they are contrary to Islam--and to fight them with proof and reason. But its underground existence may be harmful.

[Question] Sectarianism has ripped apart the Lebanese body. What can Egypt do?

[Answer] Sectarian strife is a term created by the late Anwar al-Sadat. Before then there was no sectarian strife. He was the one who used it as a means for arresting some Muslims and Christians. Furthermore, his mistreatment of Pope Shanudah created two sides, each ardently opposed to the other. But there is no sectarian strife and we hope that anyone doing harm to the other side will be exposed with those behind him because foreign countries play a big role in the country.

[Question] How do you explain the outbreak of sectarian incidents here and there?

[Answer] These incidents could be undertaken by a Muslim who is ignorant of Islam or a Christian ignorant of Christianity. Therefore, we ask the Christians to follow their religion and ask the same of the Muslims so that if a religious society is created they can have a more peaceful life. No religion calls for depravity, debauchery or unwarranted killing. Indeed, religions call for love and compassion.

[Question] Their religiosity, then, is the answer?

[Answer] The answer is to hold ongoing meetings between Christian and Muslim officials to talk to the young people and to explain to them how national unity must be supported and how relations between Christians and Muslims can be established. If the Copts have specific ideas, they can be presented and discussed and their rights can be attained calmly.

[Question] It has been noted that a new generation of young Brotherhood members has added vitality to the group from the standpoint of propagation, but there is nothing new from the standpoint of theoretical growth. How is that?

[Answer] We are deprived of contact with the youth to explain to them the rules of Islam. Young people form judgments based on what they understand, so if the Brotherhood develops an entity it can play a role in helping them understand Islam and jurisprudence in Islam. We welcome any new ideas so long as they are within the compass of the call. In the absence of a guide or an advisor or a teacher, how can the youth come up with anything new? By having a group able to regulate their movements, to listen to and analyze their points of view and to add to or take away from such views until the right opinion is achieved.

[Question] This means that the problem is lack of communication?

[Answer] There is no official communication because there is no official status. Everyone, however, agrees on the understanding of Islam and love for Islam.

[Question] How do you explain the inclination of religious youth toward other non-Brotherhood organizations such as al-Jihad, al-Salafiyin, al-Takfir wa al-Hijrah and other youth groups not associated with the Brotherhood? Indeed, they accuse you of being rightists, capitulationists and incapable of change.

[Answer] All these groups emerged as a result of pressure applied to Islamic thought 30 years ago. Islamic ideas have spread all over the world and every group holds its own personal views. We do not have the power to control such radical thoughts that are incompatible with the Brotherhood's principles and we do not recognize them. Take, for example, the group that advocates change by force. We are against it and indeed believe in "call unto the way of thy Lord with wisdom and fair exhortation," and, therefore, we reject any kind of radicalism or terrorism. When the Brotherhood attains its official entity, these thoughts can be controlled and unified along a straight right path.

[Question] The Arab-Israeli conflict remains the issue of past and future generations. How do you view this conflict? Is it national or religious in the sense that it is a conflict between an Islamic Arab civilization and a colonialist western civilization or one between Muslims and Jews?

[Answer] This is not a religious conflict, but rather one between East and West, a conflict between civilizations. We do not fight the Jews because of their religion, but rather because they confiscated land that does not belong to them and because they desecrated Jerusalem. Likewise, our hatred of the West and America stems from their support of this oppressive force and we demand the return of the Sultan Monastery exactly as we demand the return of Jerusalem. It is the right of the Coptic Christians to manage it.

[Question] And how do you perceive the resistance? Is it through a regular army or through popular jihad?

[Answer] Resistance is forbidden by our state. When the state gives us the right to resist we will think about whether it will be through an army or other methods! At any rate, we have fought the Israelis via organizations and commandos. Governments decided to fight with armies and failed. Jihad can be in several forms, the most preferable of which is popular resistance.

[Question] Peace initiatives have been put forth in the arena, the most recent of which is the international conference. Do you think that a just peace can be established with Israeli through initiatives?

[Answer] No. The only thing that works with Israel is force. All these tactics are aimed at giving Israel time and an opportunity to grow stronger and forge relations with the superpowers. We are now seeing the price we have had to pay after Camp David and the fruits Israel has reaped as well as



Israel's belligerence in the entire East. It has spread its arms to Iraq, Tunis and Lebanon. Hence, force can only be expelled by force.

[Question] In the same speech addressed to President Mubarak, which many observers viewed as representing your platform, no clear positions were defined on the issue of foreign relations and your attitude toward America and the Soviet Union is the same. Do you support Egypt's special relations with America?

[Answer] The speech does not represent our platform but rather a long-standing custom by the Brotherhood whereby every time a new ruler or a new guide is appointed, we send him a message on the state of the country and our views on it.

As for international relations, we welcome any relations with any country that does not interfere in our faith and our policy.

[Question] The Iraq-Iran war has been called a senseless war that only benefits Israel. What do you think?

[Answer] It is a baseless and senseless war and we hope to God that things will return to normal between the two countries. We reject this war because the Iraqi and Iranian people are Muslims.

[Question] Even though Iran is fighting this war in the name of Islam?

[Answer] They are operating in the name of Islam and Islam is innocent of this war.

12502  
CSO: 4504/232

## BURGLARY REVEALS AL-SHA'RAWI FORTUNE

Cairo AL-JUMHURIYAH in Arabic 16 Apr 87 p 8

[Article in Muhammad al-'Azabi's column "Eyes-Eyes-Eyes": "The Jewels of Shaykh al-Sha'rawi"]

[Text] I know that I am walking over a minefield by just talking about Shaykh [Mutawalli] al-Sha'rawi. The story was brought up by the imam's burglars when they broke into his humble abode in al-Husayn while he was performing the dawn prayer at the mosque. The victim is well known and popular. The timing of the burglary stirred emotions and the amounts stolen drew much attention: tens of thousands of Egyptian pounds. Readers did not understand what that wealth with an ascetic shaykh meant. They did not know that they are alms for the Muslims paid privately by people who trust the shaykh to distribute privately as he saw fit.

Days passed before the burglars were caught and the stolen goods, valued at 50,000 Egyptian pounds [in cash] and 150,000 pounds worth of jewelry, were recovered. These large sums show that his eminence the shaykh is not just an ordinary person, but rather an "institution" through which Muslims invest their money to buy a place in paradise or to get back ten times as much as or as payment for the obligatory alms.

Because it is liquid money or valuable jewels that may come wholesale and is distributed retail, and since other burglars may try again now that they know the way to where a fortune is found, I suggest to his eminence, Shaykh al-Sha'rawi, to open a bank account where figures can be recorded and held in safekeeping, and so that people would not be amazed--with every good intention--at the presence of tens of thousands of Egyptian pounds in cash and jewels at Shaykh al-Sha'rawi's apartment.

I do not believe that I have overstepped my boundary and I do not think that the imam will reject my suggestion, or at least will not accept it entirely. But neither am I confident about the attitude of some of the dervishes, the aspirants and the bedazzled.

12502

CSO: 4504/228

## BEZEQ DESCRIBED AS PROGRESSIVE TELECOMMUNICATIONS COMPANY

Tel Aviv HA'ARETZ in Hebrew 7 Apr 87 p 9

[Article by Tirtza Mital: "BEZEQ--Communication in an Era of Advanced Technology"]

[Text] The BEZEQ Company, which was founded by the Israeli government on 1 February 1984, was meant to serve as a means of solving the telephone problem in Israel, which was growing worse every year. The communications system at that time operated within the framework of the Ministry of Communications, and was based on government budgets for the administration of manpower for state services. Because of these restrictions, the system was unable to respond to the increased demand, and longer delays developed in filling requests for new lines and modern equipment. As a result of this inappropriate organizational structure, the system had a hard time functioning on a solid financial basis. The result: about 250,000 people were waiting for lines, as compared to 980,000 lines that were functioning. There were problems in the nature of the service available, as well as backwardness in areas vital to the economy, such as data communications.

The first goal of BEZEQ was to establish new telephone lines and thus reduce the waiting list for phones. In its first 3 years, BEZEQ installed about 375,000 new phones. As a result, the number of requests dropped from 250,000 to 110,000. This year, the company plans to install an additional 160,000 lines. BEZEQ receives about 100,000 requests for new lines annually. This means that the waiting list will become even shorter. In many urban areas, it has already gotten to the point that everyone who wants a telephone can have one, and the company can put in a second phone for those who need one. The company budget for investments has doubled since the years when the communications system was a government service, and the major portion of the budget comes from its income, in addition to loans with good terms from the Union of European Banks and from various banks in Germany and France. This does not place an added burden on the state budget or on the taxpayers. The company is also planning to enter the stock market in the near future and offer its shares to the public. Thus, BEZEQ has become one of the big investors in the development of the Israeli economy, to the tune of \$300 million a year.

Mr Ya'acov Ziv, assistant director general of the company, explains that the company had no trouble soliciting funds from abroad because communications is considered to be a solid and secure business all over the world and always on the rise. In the United States, most of the shareholders of the big telephone companies are retired people and widows because these shares are considered to be the most solid.

BEZEQ's first steps were taken in the course of a broad-based organizational change which took place without much upheaval. Within the framework of the new organization, a transfer of 8,000 workers took place from government service to a government company. Many of these workers were switched to new jobs. The outdated organizational structures which had been used within the framework of the Communications Ministry were discarded, and a completely new organizational structure was established.

#### Digital Communication

The establishment of the BEZEQ Company overlapped with the transition to new technologies in communications all over the world. The entry of semiconductor technology into the communications field created a revolution which completely changed its character. Israel was at an advantage in this area because of its accelerated development in communications. This is not true of the more developed nations, which are already close to being saturated in terms of communications. This accelerated development allowed for wider use of advanced equipment which is more efficient, faster, and cheaper.

BEZEQ entered the modern communications era with the establishment of new digital control systems instead of the old electro-mechanical control systems, where the switching activity was done by means of machines based in large part on the switching technology invented by an American PATENT ENGINEER in the 1880's.

In the 1970's, especially in the United States, regular versions of electro-mechanical control systems which were computer-controlled were being used. In Israel, they actually skipped over that stage of development because, by the time it was clear that the old control systems needed to be changed, the new digital control systems which were completely computer-controlled were already in the planning stage. The first inter-city, international digital control center was put into operation in Tel Aviv and brought about an improvement in telephone service in the country as well as a better balance between the various elements of the communications system. At the same time, digital inter-city control systems were established in Jerusalem and Haifa as well.

The huge demand for communication services gobbled up, to a large extent, the huge number of added channels, and the public hardly noticed it. But if it had not been for the new installations, which allowed for rapid growth in the flow of communications, a complete stoppage would have been generated



by now. The capacity of the digital controllers is almost completely unlimited and the controllers themselves require very little ongoing maintenance. Also, the volume of equipment is much smaller, and this means that less investment is required in structures. Thus, it is possible nowadays to set up a new digital telephone control system in 4 or 5 months, whereas in the old days it took 2 years.

The digital control system allows BEZEQ to offer the most modern services to customers connected with the digital control systems. Such services include:

1. "Call waiting": A short beep lets the customer speaking on the telephone know that someone else is trying to reach him. The customer can then receive the new call while the original caller waits and, at the same time, maintain complete confidentiality for each call.
2. "Call forwarding": The customer can direct the calls coming to his telephone to another phone by dialing a command. The caller dials as usual and does not even know that the person is answering him from another telephone. When the customer returns home, he cancels the command, again by dialing, and goes back to receiving calls on his own phone.
3. "Conference call": This permits a joint conversation with two other people whereby all three are on the line at the same time and can hear each other. Conference calls can be made overseas as well.
4. "Abbreviated dialing" or memory dialing" This allows the customer to use an abbreviated number of 1 or 2 digits for 39 telephone numbers of the customer's choosing.
5. "Detailed account": The customer can receive an account statement which includes complete information about all the calls he has made, including the date, hour, length of the call, and telephone number. The customer can choose among three kinds of detailed statements: a statement for international calls only, for inter-city and international calls, or for all calls.

#### Optic Fibers

Along with the transition to digital control by means of computers, a transfer is also taking place to digital transmission with the new medium for transmission being the optic fiber. As of last year, all the new inter-city installations will be carried out by means of optic fibers, which will replace the coaxial cable in use up to now. At Rishon Letzion, all inter-city communications are already in operation using optic fibers, and this year, the installation of additional lines extending 250 km is being planned. Soon there will also be a transition to the use of optic fibers between various areas within cities.

The advantages of optic fibers are many. The rate of information transfer with digital transmission is much higher, approaching 565 million pulses per second. Since communication takes place by means of light transfer, it is protected from sound and from external disturbances. The light ray travels on the fiber very efficiently and does not lose any strength across long distances. Whereas conventional cables require an amplifier every 1.65 km in order to sustain the signal at its original strength, with optic fibers the signals can travel 30 km or more without needing an amplifier.

Optic fibers are thin and lightweight. This makes installation easier. It is possible to pull a cable out to 2 km, reducing the number of connections needed. While the connections themselves are a bit more complicated than the steel cable, the technology of connecting the cable is improving rapidly. Maintenance of an optic fiber is also easier and cheaper. The cables are sturdier and are not subject to problems of moisture, and, because of the need for fewer amplifiers, a smaller maintenance staff is required.

#### Data Communications

Twenty years ago, experts in the field predicted that the other forms of communication--namely, the communication of texts and data--would overtake telephone communication by the 1970's. This view has not been realized yet. Vocal communication still represents the main kind of communication. But it is expected that the revolution will take place before the end of the century.

BEZEQ was organized at the beginning of the era of data communications following the advice of an inter-ministry committee set up about 2 years ago by the government to study the impact of computers and communications on the Israeli economy. This committee outlined a master plan to envision needs that might arise.

Until a few years ago, data communications were based entirely on point-to-point connecting lines which served only the institution which maintained them. Today BEZEQ operates a public service for the transfer of data based on switching quotients--"Yisra-net." This service operates by means of a system which was designed specifically for medium-distance clients and locations all over Israel and abroad. This service allows a subscriber to contact data banks in Israel or abroad and also permits the operation of a computer system for the whole country. Among the subscribers are all universities and research institutes in Israel, newspapers which use "Yisranet" to transfer the newspaper abroad, economic institutions, banks, and many other subscribers.

About 6 months ago, BEZEQ operated another monitoring service--[Sifranet] "Diginet." This is a service based on a system of improved computer-controlled data lines at various speeds. The first application of this service was by the state lottery, which now uses it to tally the cash receipts from all 1,200 lottery stalls in the country and also to run the electronic lottery for the public.

This service is intended mainly for large businesses with many sales locations and a central computer.

#### International Connection

Israel's international communications are carried out by means of satellite and by way of underwater cable. At present, Israel is connected to Europe by means of two underwater cables in the Mediterranean: from Israel to Marseilles and from Israel to Paola, Italy. For the 1990's the plan is to lay another underwater cable to connect Israel with Europe via Sicily. Two years hence, another cable will be laid in Astfoona, Spain. BEZEQ has even acquired several channels on the optic underwater cable to be laid in 1988 in the Atlantic Ocean to connect Europe and North America. The cable, called TAT 8, will be able to transfer 40,000 calls at once and will be able to transfer 5 times more information than any existing communication system between Europe and North America.

Israel's satellite communications are carried out via a satellite station in 'Emeq Haela. The station is tied to three satellites: two in the area of the Atlantic Ocean connecting Israel with Europe and America, and one in the region of the Indian Ocean connecting Israel with Asia and the Far East. In 1985, BEZEQ set up a fourth antenna at the 'Emeq Haela station for satellite communications within the country for television broadcasting and for transferring data.

#### Planned Services

BEZEQ is looking into the possibility of providing additional services such as videotex and electronic mail. The videotex service will allow every telephone customer with a terminal or a personal computer to receive services and programs in his home and almost unlimited access to data collection, such as a schedule of departures and arrivals of airplanes, stock market prices, weather reports, schedules of performances and films, etc. A bit further down the line, there may also be electronic mail, which will allow two-way communication with the customer.

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CSO: 4423/29

## OFFICIAL DISCUSSES INVESTMENT COOPERATION WITH JORDAN

Kuwait AL-RA'Y AL-JAMM in Arabic 16 May 87 p 9

[Article: "Badr al-Humaydi: The Kuwaiti Fund has Participated in 19 Development Projects in Jordan"]

[Text] The director general of the Kuwaiti Fund for Arab Economic Development, Badr Mashari al-Humaydi, expressed his satisfaction with the results of the discussions that he held with important Jordanian officials concerning various aspects of cooperation between the two sister countries in investment areas.

In a statement to KUNA, al-Humaydi announced that these discussions began with a meeting that took place yesterday morning with the Jordanian crown prince, Prince Hasan. During this meeting, al-Humaydi felt that Prince Hasan was eager to strengthen and develop bilateral relations between Kuwait and Jordan in various areas, especially in terms of economics and investments.

Al-Humaydi indicated that during this meeting Prince Hasan proposed a number of extremely important ideas concerning strengthening the cooperation between the two countries on investment projects, and the possibility of the Kuwaiti Fund's helping to finance some of the agencies and organizations under the Fund's supervision which have branches in the other Arab nations.

Al-Humaydi said, "The Jordanian crown prince asked me to convey his greetings to his brother, the crown prince and Kuwaiti prime minister, His Highness Shaykh Sa'd 'Abdallah al-Salim al-Sabah." He mentioned Prince Hasan's desire to create an institution in Jordan similar to the Kuwait Institute for Scientific Progress that supports scientific activity and the means of funding such scientific institutions.

Al-Humaydi mentioned the discussion that he held with the Jordanian ministers of planning and agriculture. He said that the discussions focused on the projects which were discussed during the Jordanian investment demonstration held recently in Kuwait. They also discussed the possibility of the Fund's helping to finance these projects. He added that certain points were reviewed concerning these projects, most importantly the agricultural project in the southeast region of Jordan, which was one of the projects that enjoyed the interest of the Kuwaiti Consultation and Investment Company, the Kuwaiti Transportation and Commerce Company and the Kuwait Palm Tree Production



Company. Al-Humaydi said that his visit to Jordan gave him the opportunity to complete a study of certain points concerning these development projects with the important Jordanian officials involved.

Al-Humaydi said that the Kuwaiti Fund has participated in 19 development projects in Jordan during recent years, and has offered loans to help fund these projects, which amounted to 103 million Kuwait dinars at the end of last year. He added that the Fund will also help to fund the al-'Aqabah electricity station project, offering loans of 7 million Kuwaiti dinars. He said that the Fund is currently busy with a study for the funding of the al-Karamah dam project in the Jordan valley.

At the Jordanian Ministry of Planning, al-Humaydi signed an agreement to provide 4.3 million Kuwaiti dinars for the construction of the Wadi-al-Yitm road.

13292

CSO: 4404/384

## STATISTICS PROVIDED FOR 1986 ARAB INVESTMENTS

Kuwait AL-QABAS in Arabic 10 May 87 p 10

[Article: "361 Million Dollars for Various Investments among the Arab Countries in 1986: Bahrain Attracts Most Arab Capital, Followed by Egypt and the United Arab Emirates"]

[Text] A report issued by a large joint Arab institute for investment insurance said yesterday that the total amount of the various investments among the Arab states last year was \$361 million, an increase of 10.55 percent over 1985.

The report of the Arab Institute for Investment Insurance, whose membership includes all the Arab states, said that the largest amount was invested in Bahrain during 1986, totalling \$107 million. Egypt was second, with \$96.2 million. The United Arab Emirates was third, then the Kingdom of Morocco, then Kuwait, and then the remaining Arab countries.

Ranked by the nationality of the investors, the report noted that investments from international, joint Arab projects came first, totaling \$121.5 million distributed among Bahrain, the UAE, Egypt, and Morocco. Investments from the Kingdom of Saudi Arabia were second, totaling approximately \$100.5 million. Investments coming from Libya were second [sic] with \$26.6 million, while investments belonging to Kuwaiti investors occupied fourth place, with approximately \$22.3 million.

Regarding the specific areas of private Arab investment among the Arab countries, the report indicated that agriculture, animal resources, and salt-water fishing were first, with investments of approximately \$145.5 million, or 40.3 percent of the total, representing a 14.2 percent decrease from 1985. The report added that investments in industry came second, with \$96.3 million or 26.7 percent of the total, representing a 3.5 percent increase. Commerce, contracting, and services followed, constituting approximately \$69 million or 19.1 percent of the total, representing a 247.6 percent increase. Investment in tourism and real estate amounted to \$47 million or 13 percent of the total, representing a 3.5 percent increase.

With regard to the regional distribution of documented Arab investments in 1986, the report said that investments from the GCC nations was first with \$146 million, or 40.43 percent of the total investments, of which about \$47 million were directed to the six member-council nations. Investments in joint Arab projects came second, constituting approximately \$121.5 million or 33.7 percent of the total. The group of Mashraq nations (Iraq, Jordan, Syria, Lebanon and Palestine) took third place, with \$54.5 million, or 15 percent of total investments, of which about 5.4 percent was directed to the nations in this group. The report noted that the group of Maghreb nations (Libya, Tunisia, Algeria, Morocco and Mauritania) came third (sic), since the investments of their citizens totaled about \$37.4 million, followed by the Nile Valley nations (Egypt and Sudan) and the remaining Arab nations.

13292

CSO: 4404/384

## DEVELOPMENTS SEEN THREATENING 'EXPLOSIONS' IN SOUTH

London AL-HAWADITH in Arabic 8 May 87 pp 14-15

[Article by William Dohir: "The Spark Will Begin in the South, and the Fire will Spread Afar"; "The Ministers are Still Differing Over the Sex of Angels and the Critical Days to Come"]

[Text] Information available from high sources in the Lebanese state warns that the entire Lebanese situation especially in the south, is advancing toward a large, widespread explosion that will occur during next May and June. This is as a result of developments in the area after the Palestinian National Council [PNC] meeting in Algiers and the unification of the Palestinian factions in the PLO's melting pot. The internal peace is unstable and threatens to collapse at any moment. The escalation and practice of military pressure on the confrontation lines has become a daily affair, and therefore shells fall on the areas adjacent to the battle line in the capital. The situation in the south is a candidate for increased pressures, Israeli strikes, and increased military escalation. Negative, oppressive influence rock the scales of military developments, so that it is possible to say that the coming stage of regional and international contention will see increased pressures from every direction. There is no indication that there will be social security and peace, even for a short time, in view of the absence of a representative decision-making authority in parliament. Even if they met at Mansur Palace, the ministers would still argue about the most insignificant matters such as the sex of angels. Despite increased labor pressure, and threats from the labor union (aside from the three day strikes) to resort to means of increased and greater pressure, no one is optimistic that the government will be induced to take speedy corrective measures in the realm of public security.

Parliamentary sources think there is no reason for optimism about results in governmental meetings at Mansur Palace, because it is not possible for the earthly authority of parliament to bring to life the former decisions of this council, which forms a higher authority.

The topics which the ministers are discussing, although apparently linked to public security, are fundamentally linked to political security, and are inseparable from military security. Consequently, parliamentary sources doubt that the ministers will agree even minimally to take speedy corrective



action about the aggravated social crisis, or anything contained in the statement of the first National Unity Government meeting at Mansur Palace, or topics such as opening the crossings, turning the ports to the state over, or making the administrative security of Beirut the responsibility of the Lebanese Army. They doubt the ministers will agree because each one of these topics is related to something greater, like complete national reconciliation, which is very, very far away. The optimists striving to attain reconciliation at present are like those who try to go to battle without weapons. A political source close to Damascus believes that this academic argument will characterize this state for the time being, that the "nagging" and disagreements will increase, and that the country is approaching dismal, trying times. Dramatic, overpowering military developments are inevitable, and will definitely have a negative impact on the entire situation. This time the spark will start in south Lebanon since it is an international and regional confrontation line, not to mention the escalation of tension along the confrontation lines in Beirut.

The source thinks that what has been proposed internally is one of many ridiculous episodes dealing with a crisis whose causes and ramifications are inseparable from the crises of the region as a whole. Therefore, the source close to Syria emphasizes the necessity to achieve what was agreed upon by Moscow and Damascus, by Soviet leader Micha'il Gorbachev and Syrian president Hafiz al-Asad during the latter's visit to Moscow. This visit may be one of the most important that the Syrian leader has made to the Soviet Union, for it came in the context of local, regional, and international accounts to be settled. The visit represents an energetic effort to convene an international conference and to establish a broader political and economic role for Moscow in the region. Furthermore, the visit will inevitably have an impact on Syria, its future role in Lebanon, as well as the nature of its action and dealings with many interrelated issues concerning Lebanon, Syria, Palestine, and even Israel. The source says that the importance of the visit comes after the convening of the PNC in Algiers. In view of the Soviet effort to reconcile Damascus and the PLO, al-Asad's visit will have an impact, if it turns out as planned, on the Palestinian camps situation in Lebanon and what takes place around them. Consequently, that would lead to a new status quo in politics and on the ground.

As for Lebanon, the source did not neglect the importance of mutual understanding between al-Asad and Gorbachev about the role that Syria is able to play among the various factions in light of the Soviet approach in Lebanon. It is an approach based on Soviet political foundations summarized as: the unity of Lebanon, its independence, the extension of its sovereignty over all its territory, and working to solve the crisis between the domestic parties. In this regard, the source mentioned that Moscow is emphasizing the nature of the democratic regime in Lebanon and the shaping of a peaceful coexistence, because this strengthens the climate for freedom of political action, which it likes. This is because Lebanon affords Moscow, through its Lebanese allies, the foothold it needs in the area. The source believes that the Soviet openness is no longer in one direction. Syria is unquestionably Moscow's primary ally, and is linked to the Kremlin through a friendship treaty which basically guarantees against any external attack; nevertheless, the Soviet Union yearns for a broader role in the region. This explains its active role in encouraging the unification of

the feuding Palestinian factions, and the repairing of relations with the "Arafat Palestinians. It also explains its systematic openness with Egypt, and Moscow's positive stance regarding the scheduling of the debts which Cairo owes Moscow. Furthermore, it explains Moscow's progressively developing relations with Jordan, Kuwait, and some of the other Gulf states in addition to its stance on Iran in the Gulf War (a stance supportive of Iraq, which reassures all the rest of the Gulf states).

The source anticipates that this stance on the war will open to Moscow broader and firmer horizons of political and economic dealings with this rich region of the world. It will also qualify Moscow to participate in the international conference after gaining much support and sympathy from the Middle East countries concerned directly and indirectly with this conference.

From this angle, one can interpret the Soviet interaction with Syria at this stage, and the mutual understanding they have about accepting the international conference in exchange for Moscow reviewing its policy toward Soviet Jews immigrating to Israel. However, the source himself believes that the Soviet Union desires to strengthen its role in positive interaction with regard to the crises of the region (especially the Gulf War) to satisfy the Arabs. Perhaps it will request Syria not to sever relations with Iran, or perhaps these relations with Tehran will worsen. At least the Soviet Union will separate Syrian-Iranian relations from the Gulf War, because Tehran has become, through its policy and conduct in the Gulf War, a great source of disturbance to the Soviets. This is what compels Moscow to turn to a mutual understanding with Damascus.

The source also believes that mutual understanding about Syrian-Iranian relations will inevitably have a future impact on Syria's role in Lebanon, especially on the two questions of the suburbs and the south. The course of these relations will have a substantial effect on the suburbs problem, on the so-called hostages question in general, and the question of Soviet pressure. It will also have an effect on the Gulf efforts to get 'Arafat to coordinate with Damascus about the Palestinian problem and its ramifications. This is especially true after the consolidation of the Palestinian factions in Algiers and the emergence of two lines of thought within Israel: the first believes that the time has come to convene an international peace conference; the other considers Palestinian unity a constantly, imminent danger to the security of Israel. Therefore, partisans of this position say it is necessary to earnestly discuss the security of Israel's borders with Lebanon and Jordan, and perhaps change this request into a political goal of Israel in the future.

Based on this, the source expects a rise in tension between the PLO and Israel, particularly in the way to PLO deals with Israel. He points out that it is doubtful that the international conference will be held this year because of the many international and regional reasons that stir up a great deal of debate within the Jewish state between those who support convening it and those who oppose it. No one knows who will have the victory, which depends in any case on how the topic is presented. Either the topic will be presented as if the security of Israel is threatened, consequently

necessitating the maintaining of Israel's borders with Lebanon and mobilizing to meet the probable dangers; or it will be presented from a different angle, such as Israel's need for peace.

Therefore, it is apparent that the situation in the south is very fragile. Of course, because of this, the source close to Damascus expects this May and June will be extremely sensitive, because the southern area might become a political target of Israeli military activity, and the south would be an open arena prepared for local explosions having greater and lesser effects for this group or that.

The source turned to an appeal to change the style of language used in discussions with Damascus. He considers the language employed in dialogue with Damascus to be illogical, and believes it will not get results. He says that the Lebanese understands more than anyone else the nature of the problem and should have, in one way or another, discussed the problem with Syria before submitting it to someone else. He recalled the Israeli-Lebanese negotiations, and said that Lebanon had to reach a mutual understanding with Damascus about these negotiations and their dimensions, and must withdraw its agreement on a person designated to arrange security with Israel. If only this had happened during preparation for the May agreement, and Lebanon had gone to negotiations with Israel in solidarity with Syria concerning the topic of security agreements and the position concerning an armed Palestinian presence on her territory, in solidarity and direct mutual understanding with Damascus concerning a group of detailed matters, without which there can be no solution. Such a mutual understanding helps to bring about a mutual understanding with all Lebanese groups which are under Syrian control. However, this did not happen, and the May accords collapsed. From there developments have brought the country to the present condition, and there is no indication on the horizon of even a temporary solution to the Lebanese crisis.

13358/12828

CSO: 4404/356

**MUKHAYBAR PRAISES SYRIAN ROLE, EXPECTS 'IMMINENT SOLUTION'**

London AL-TADAMUN in Arabic 2-8 May 87 pp 20-21

[Interview with Deputy Chairman of the Lebanese Parliament al-Bir Mukhaybar by May 'Abbud: "A Solution in Lebanon is Imminent"]

[Text] In Lebanon, when the name "al-Hakim" is pronounced, people know immediately that you mean the doctor, Deputy Chairman Dr al-Bir Mukhaybar, who occupies the seat reserved for the Orthodox denomination in the northern district of al-Matn. The fame of the "doctor" comes from the medical services that he offers to everybody without compensation. However, Deputy Chairman al-Bir Mukhaybar also has a reputation because of his voice in the parliamentary opposition, which had great influence when parliamentary life in Lebanon was in its prime. About two months ago, Mukhaybar added a new title to his collection when the Parliament chose him with an absolute majority to be the deputy chairman for Mr Husayn al-Husayni, succeeding the late Deputy Chairman Munir Abu-Fadil. On top of all these titles, Dr Mukhaybar has borne the title of "opponent" to the Lebanese war since the first moment it broke out 12 years ago. This opposition has exiled him from the political influence front because "the sword is mightier than the pen" which Dr Mukhaybar has perfected, just as he has perfected the art of medicine and the representation of constituents. But this exile ended with his election as deputy chairman of parliament.

AL-TADAMUN met with Dr Mukhaybar after the election and discussed the security, political, and national issues of the hour in Lebanon.

[Question] Syrian troops have been in West Beirut for more than two months; this is a significant amount of time for a test. What is your evaluation of the Syrian presence and the security plan in West Beirut?

[Answer] The situation in West Beirut was very tragic: people were being slaughtered and were dying by the dozens. The morgue was jammed with corpses. People fled their homes and took refuge in al-Aqbiyah. The only way to stop this slaughtering was by force. In fact, I visited West Beirut a few days after the Syrian forces' arrival there. I noticed the return of tranquility, the absence of armed men, and the disappearance of the uproar and what used to be a street war moving from house to house. At this level, I think that the Syrian army has completely carried out its task, especially since it was



easily able to take down the provocative slogans, pictures, and signs from the walls. I will give you another example: What happened at the Arab University which was plundered and burned, the chaos, the uncertainty and the absence of security....all these things were eliminated after the arrival of the Syrians. So, I think that the Syrian troops that entered West Beirut did their duty completely.

[Question] How do you explain the satchel charges and the explosions launched against the places where Syrian forces were concentrated?

[Answer] When a war breaks out like the war in the western sector, it is difficult for the parties afterwards to restrain the defiance of some of their members. I think that what is happening today is the least that could have happened after the storm that passed through West Beirut. I do not think that it will have consequences, because the forces controlling West Beirut are still confronting one another and are preventing any slipups. So I am optimistic about the return of security to Lebanon after the capital, Beirut, has come to enjoy security, especially in its administration and in enabling the government to extend the sovereignty of the law.

[Question] In your opinion, who are the people doing the damage?

[Answer] The people who are doing the damage are those who made the gun and the killing and plundering of people a source of income and a source of enrichment.

[Question] What about Syrian influence, especially political influence? Can we expect things to happen?

[Answer] I can say that the continuing dialogue between the legitimate Lebanese government and Damascus will produce results that strengthen the security of all parts of Lebanon. When political backing is given to the Lebanese security forces and the Lebanese army, there will no longer be any obstacle that will allow any militia man or any outlaw to carry out terrorist acts.

[Question] You mentioned that the security situation in the west was deteriorating to such a degree that a strong army was required. Do you think that the Lebanese army is impotent and ineffective?

[Answer] I think that the Lebanese army could have carried out this task, but it lacked political backing. I think that this backing will return soon and the Lebanese army will undertake its security tasks effectively, especially after we conclude the negotiations and reach a political solution.

[Question] You mean that political backing is awaiting the conclusion of the negotiations in Damascus?

[Answer] Exactly.

[Question] There are those who say that these negotiations will take a long time. How long do you think they will take? Why?

[Answer] I do not think that we are still far from a political solution. I think that all the Lebanese are completely ready for a mutual understanding among themselves and ready to make compromises between the two sides. In the end this will lead to a political solution that will make Lebanon safe from any upheaval.

[Question] The negotiations are centered upon the powers of the president of the republic, participation and extension of the powers of the head of the parliament. Did we need to fight for 12 years to resolve these issues, and is this the solution that we had been looking for?

[Answer] I think that we have all learned a lesson: extremism can only lead to the destruction of Lebanon, and violence is the most dangerous method. Violence is the enemy of Lebanon, its legitimate government, and the law. I am confident and optimistic that we will arrive at solutions soon, God willing.

[Question] How can you be optimistic when there are those like Danny Sham'un who say that negotiations are unacceptable, and when Hizballah and other parties operating on the territory are not represented in these negotiations?

[Answer] Every announcement in the media and in the press signifies pessimism. I am sorry to say that the people or parties that make such announcements in this period are doing harm, and it is not in their interest that peace prevail in Lebanon. The fundamentalist phenomenon is the most dangerous of these groups. If the Lebanese people in this region had not been comfortable with what the Lebanese inspectors did in West Beirut, such as the removal of the various slogans, then the Syrian army would not have been able to remove these slogans and pictures.

[Question] That is, these groups will not be permitted to be an obstacle to the negotiations, because they are not represented at them?

[Answer] In no way! Because the Lebanese people can no longer tolerate what they tolerated under the militias. Through AL-TADAMUN, I give notice that a solution is imminent. This is what I believe will happen.

[Question] After the entrance of the Syrian troops into West Beirut, do you think that the security plan will be extended to East Beirut in such a way that the Lebanese army will take it over?

[Answer] The security plan will include all of Lebanon. The Lebanese army only lacks political backing. This means that any political solution that is agreed upon will enable the Lebanese army to be deployed throughout Lebanon.

[Question] Not only in greater Beirut?

[Answer] If this came to pass in greater Beirut, it would be the gateway to the solution of the security problem in Lebanon.

[Question] And the airport?

[Answer] The airport will also begin operating again shortly, after the airplanes are made safe once again. This is what we are waiting for to happen from one day to the next. This means that the countries have begun to feel and sense with us and that things are beginning to move.

[Question] Do you think that the solution in Lebanon will be a starting point for a solution to the Middle East problem?

[Answer] We always like to separate the Lebanese problem from the Palestinian question and regional problems. However, there is great hope today that an international conference to solve regional problems in the Middle East will be held. I think that our problem is connected to the problems of the Middle East, not only the Palestinian issue, but also the Iraq-Iran war and the future of the Gulf states. These all have their influence on Lebanon. I think that it suffices for us to say that there is an international conference for regional problems until explosions occur [as published]. We are on the way to holding this international conference.

[Question] Some people say that the superpowers gave Syria a green light to pursue a solution in Lebanon because of the terrorism problem and the hostage issue, which the superpowers have been incapable of solving. What do you think?

[Answer] This is a given. I think that the issue of terrorism has become an international phenomenon, not limited to Lebanon. Syria is currently a regional force that cannot be neglected. It is in the interests of the superpowers to cooperate with Syria for their mutual benefit. I think that in the end Syrian intervention will be able to obtain the release of the hostages.

[Question] Then why has the security plan stopped at the outskirts of town?

[Answer] I do not think that it has stopped. It has been delayed!

[Question] Do you think that the issue of the hostages is a deal whose time has not yet come?

[Answer] I do not think that there are deals, but there are mutual international interests. If we consider today's political events, we find proof that Syria is earnestly cooperating in this area.

[Question] Israel still links its withdrawal from Lebanon with Syria's withdrawal. Is the situation changing now, and will Israel agree to withdraw despite Syria's presence?

[Answer] There are indications that Israel will withdraw. It is concerned with the security of its borders, and the Labor Party in Israel today is openly heading toward peaceful solutions. Everyone working in politics feels the conflict arising within the Israeli government because of this. The steps exist to hasten a solution. From this point of view, I am optimistic about

renewed international support. We have recently noticed that countries are once again acting sympathetic toward Lebanon. In the end, Lebanon will once again be independent with its complete sovereignty.

[Question] Without any type of partition?

[Answer] No. These matters have been forgotten!

[Question] As long as things are moving at the international level and negotiations are taking place in Lebanon, do you think that the local issues, such as the boycott of the government and the cabinet and other government bodies' failure to meet, are still justified?

[Answer] I do not think that the boycott will continue. There are indications that we are rapidly approaching solutions to end the boycott. When this happens, the Lebanese army and the security forces will receive backing, and Lebanon will wake up to an atmosphere of tranquility and peace.

[Question] Some people are asking that the cabinet meet in Damascus. What do you think?

[Answer] I do not think that this is a serious demand.

13292

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## DROUGHT, FOREIGN DEBT, DEVELOPMENT PROBLEMS

Paris JEUNE AFRIQUE ECONOMIE in French Apr 87 pp 26, 27

[Article by Jean Demain under the economic current events section, "The Month:" "A Nation in a State of Emergency;" first paragraph is JEUNE AFRIQUE ECONOMIE introduction]

[Text] Almost one quarter of the GNP is going toward public assistance, setting a world record. The country is still feeling the traumatic effect of the drought, and the fallen price of raw materials is hampering recovery.

"For 2 years, the rainy season has been back. But the great drought has left its mark: there are no more trees, and without them, we cannot farm." The venerable elder from Magta Lahjar points to the barren plain on the other side of the road leading from Nouakchott to Nema.

Some 1,800,000 Mauriticians live on a highly confined working surface which is still only partially cultivated, and this explains--along with the drought--why cereal imports over the last 5 years have amounted to approximately 270,000 metric tons of grain (130,000 metric tons of food aid) each year. More than ever before, there is an urgent need to separate the crops from the cattle: but there are not enough trees with which to build the traditional fences around the fields. Like thousands of peasants, the venerable elder from Magta Lahjar has no idea how to revive his crops: "Without the help of foreign lenders to buy the chain-link fencing we can do nothing more. The drought," he explains, "has left us too poor to pay for the fences ourselves." Here, a non-governmental organization, the International Association of Support for Development (AIAD), has managed to collect the necessary funds: the peasants have spent 120,000 ouguiyas (Fr12,000) of their savings to finance the difference, and an enclosure with a 13-kilometer perimeter is being built to accommodate 800 families.

Mauritania seems anemic, recuperating from a climatic trauma so severe that the resources necessary for its recovery cannot be found in the immediate area. An appeal for foreign aid seems to be the final recourse. But the country has suffered from an estimated debt of 1.6 billion dollars, and servicing it would surpass its export revenues by more than 40 percent. Its Economic and Financial Recovery Program (PREF), established in 1985 with the help of the International Monetary Fund, comes to an end in 1988 in an

in an atmosphere of rigor and free market economy, policies which have been preventing an increase in both the budgetary deficit and the already enormous debt. Gradually, the state is slackening its hold, especially in the fishing industry, banking and urban transport. According to the General Confederation of Mauritanian Businessmen (CGEM), this privatization policy has even made it possible "to create about thirty successful small- and medium-sized industrial units and to obtain dozens of fishing boats or frozen food and storage plants for fish." Industrial growth has not exceeded 1 percent each year, though at least 3 percent of the labor force works in the modern sector of production.

#### A Disparity Exists

There is thus a disparity between the nation's potential for development and the enormous difficulties it must resolve. The PREF has had no luck in emphasizing rural development (36.6 percent of its budget) and the improvement of living conditions in the outskirts of the cities (20 percent). Public assistance remains the determining factor (almost 25 percent of the GNP) and is among the most costly in the world. But here, aid is more emergency help than structural support for the production sector and just might not bring about the growth that has been hoped for.

Mauritania has had bad luck: its vast natural resources have now fallen victim to the international economic situation. In addition to Zouerate iron, copper and gypsum deposits are suffering as a result of the economic crisis in the industrialized countries. Phosphate and uranium mining has seen better days. And fishing off Nouadhibou is being subjected to piracy: despite a larger Mauritanian fleet and tighter controls on foreign boats, Las Palmas, in the Canary Islands, is sponging off Mauritanian fishing wealth.

A long-time prime export of Mauritania, Zouerate iron ore today occupies second place next to fish. Between 1980 and 1986 its value in constant dollars dropped by about 10 percent. The National Industrial and Mining Company (SNIM), nationalized, is anticipating another 6 to 8 percent drop this year, not to mention losses from devaluation caused by the dollar, which serves as a unit of account. The exported quantities have consistently remained around 9 million metric tons. But the market value of the ore is dropping because of the worldwide economic crisis.

Mauritania has nevertheless invested a great deal in modernizing its mining and in opening the Guelbs mine, a 1984 project which required borrowing several hundred million dollars. Today, to repay the debts, Zouerate profits are domiciled in France in a temporary bank account, which is sheltered from the stresses and fluctuations of Mauritanian public life.

In fact, the resources provided by assistance served to partially offset the probits that were lost owing to the law of the world market: according to the World Bank, the terms of exchange have dropped from an index of 101 in 1982 to less than 95, today. In this context, many Mauritaniens can explain the

widely felt pressure in favor of a return to the values of Islam, given the failure of a development plan based on the Western model. Several weeks ago the government ordered the destruction of the country's entire supply of alcohol and revoked liquor licenses. Television has shown the "purification" operation from every angle, like a step in the direction of authenticity. "The economic and social crisis gives every demagogue a chance to carry the religious banner, and eventually with some successful results," says one sociologist. This especially applies to a society that has become so quickly destabilized; which has seen its nomad population, for example, fall from 78 to 15 percent over a period of 85 years, especially under the influence of drought. Most of them have settled in Nouakchott, which today contains 44 percent of Mauritania's urban population.

In this city of almost 500,000 inhabitants (5,000 in 1961), 15 percent have running water in their homes. The capital's new mayor, Mr Mohamed Mahmoud Ould Mah, points out that while one family living in a modern dwelling may use up 40 to 300 liters of water every day, the remaining 85 percent have a daily supply of 2 to 3 liters of water.

#### A Lot of Imagination

The first magistrates of the country's 13 regional capitals, elected in December 1986 on the occasion of first democratic election since independence, will need a lot of imagination to stop the "beggarization" of refugees from the drought. Some skeptics therefore wonder whether the main purpose of the elections has not been to place a buffer between the Military Committee for National Safety (CMSN) and the civilian public, in case of serious discontent.

The register (with up to four per city) could mention no political parties, which are still prohibited. The results surprised the political class: several officials, who had been known under the regime of Moktar Ould Dada, are back, but there are also some newcomers of extremely diverse political persuasions. As a result, many "favorites" were beaten.

Still everyone admits that Colonel Maaouya Ould Sid' Ahmed Taya, chief of state, has honestly allowed the townspeople to choose their mayors, a first step toward development which, albeit not economic, is at least a step toward progress.

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CSO: 4519/103

## SUDANESE-LIBYAN RELATIONS ASSESSED

London AL-DUSTUR in Arabic 20 Apr 87 pp 16-17

[Article by 'Umaran Muhammad: "Sudanese-Libyan Relations; Detente or Explosion?"]

[Text] Sudanese Prime Minister Sadiq al-Mahdi made an optimistic statement in the Constituent Assembly, in which he stressed that the clouds, which had been hanging over Sudanese-Libyan relations ever since Libyan forces invaded Sudanese territory, had lifted. The reason for this optimism is that Brigadier General Abu-Bakr Yunis, commander of the Libyan troops in the Sudan, emphasized the legitimacy of Sudan's position on the presence of Libyan troops on Sudanese soil. The commander said that Libyan troops had received orders from higher levels to answer to the Sudanese command until their withdrawal from Sudan had been accomplished within a week. This was completed in time at the beginning of the month. Nevertheless, the aftermath of the Libyan military intervention has not been eradicated; on the contrary, it has assumed serious proportions that can lead to further deterioration in relations between the two countries.

Observers ascribe this to the fact that the Libyan authorities had wanted Sudan to support Libya's intervention in Chad. This was based on certain considerations deemed by the Libyan authorities to be binding on Sudan to adopt the Libyan stance or to be aligned with it. The first of these considerations is that some Sudanese party leaders, notably those of the Umma Party and the Democratic Unionist Party, had prior to coming to power signed agreements and charters with Libya providing for the realization of immediate unity between the two nations. In accordance with the terms of those charters Libya now acts as if that unity were a reality. Thus it was not unusual for Libyan authorities to deny a statement by the Sudanese prime minister concerning the presence of Libyan troops in Sudan. Commenting on that statement, the Libyan authorities said that the statement had not been made by the Sudanese prime minister but was attributed to him, that Libya did not have any troops in western Sudan, and that whatever troops were there were those of Ibn-'Umar, who opposes the government of Chad and is friendly to Libya. Libya claimed that those troops were permitted by Sudan to take off from Sudanese soil. This denial by Libya came at the same time that both official and non-official news media were broadcasting statements by al-Mahdi and other Sudanese officials confirming the presence of Libyan troops in Sudan. The



statements were made after party newspapers began to expose the penetration of Libyan troops in Sudan and their undertaking of military operations against Chad from Sudanese territories. The papers also reported Chad's counteractions as well as France's disguised warning when it ordered French planes to take off from Chad, penetrate Sudan's air space, and reconnoiter the Libyan presence there. The newspapers also reported Chad's warning that it would chase inside Sudan any troops assaulting its territories.

While Sudanese officials made several statements about the Libyan military presence, justifying it first as a symbolic presence designed to protect famine relief caravans supplied by Libya and then slapping it down as a scheme designed to engage Chad in a skirmish, the Libyan ambassador in Khartoum continued to deny the presence of Libyan troops in Sudan. The Sudanese government did not request any clarification of similar statements which the government of Libya kept repeating. This indicates that some agreement had been reached between the two governments, or perhaps the government of Sudan found itself in a trap set by Libya to get involved in its strategizing over the conflict in Chad. This is displayed by the flexibility of the Sudanese government in dealing with the Libyan troops and the troops of Ibn-'Umar as well as its flexibility vis-a-vis the penetration of Sudanese territories by Chad's troops, which were being chased by Libyan troops. This is also explained by the request to convene a secret session of the Constituent Assembly to discuss the dimensions of the Libyan intervention in Sudan and statements made by some members of parliamentary factions opposing the government urging members to stop their anti-government campaigns in view of the threats against Sudan's national policies.

The second consideration used by Libya to compel the government of Sudan to endorse its position concerns the civil war in southern Sudan and the Libyan role in reinforcing John Garang's movement. That is the role which Colonel al-Qadhdhafi kept betting on as the key to influencing any national decision by the government of Sudan. The Libyan authorities did not find any reason for discontinuing Libya's support for Garang's movement unless the Sudanese government endorsed fully the Libyan position, especially in the regional conflict in Chad as well as with Libya's policy toward the Egyptian government, and declared immediate unity with Libya. Libyan officials discussed all these issues with the Sudanese government. This was followed by a statement by Col al-Qadhdhafi that he was intervening with Ethiopia to stop the civil war in southern Sudan. These efforts, however, did not produce any results in view of the fact that the Sudanese government did not take the implementation of the conditions set by al-Qadhdhafi as a price for his endeavors.

Furthermore, we find that the Libyan opposition group "The National Front for the Salvation of Libya" has its viewpoint on the long-range aims and aspirations of Col al-Qadhdhafi. In a previous interview with AL-DUSTUR a few months ago prior to lodging a firm demand for the withdrawal of Libyan troops from Sudan, Dr al-Maqaryaf, the Front's secretary, said: "While the transitional military council was in power, Libya secured its permission to station Libyan troops in Sudan near Chad's borders. That was to implement a

military accord concluded with the transitional military council. Although al-Qadhdhafi's ostensible aim behind this move was confined to an attempt to contain the troops of Hussein Habre in Chad from the southern front and to inflict economic losses on the government of Chad, we believe that al-Qadhdhafi's actual aims behind his military presence in the region are more far-reaching and dangerous. If we take into consideration geophysical, human, and historical facts about this region--western Sudan--as well as the nature of familiar relations between the inhabitants of that region and Libyan tribes, and if we take into account the fact that the subterranean water reservoir for the artificial river project that extends across this territory from western Sudan, we can then affirm that al-Qadhdhafi's real and long-term aim is to lop off this part of the Sudan and annex to Libya."

The third consideration refers to the contention of Libyan authorities that their support for some opposition factions in the Sudan while Numayri was in power made them a partner in decisionmaking in Sudan. For this reason Libya expected Sudan to support its policy. This became quite apparent in a statement made by a spokesman for the Libyan External Communication Bureau, which was broadcast by Libya's news media on 12 April. The statement, in effect, was in response to statements made by Sudanese officials about Libya's military presence in Sudan. The spokesman mentioned four points: 1) that such statements had been repeated by al-Sadat and Numayri under U.S. influence; 2) that such repetitive statements were considered by Libya to be part of the past and buried with al-Sadat and Numayri and were no more than a regurgitation of the same reports about the presence of the Islamic battalion; 3) that Libya would never permit anyone, no matter who he is, to talk about the presence of Libyan troops in Sudan; and 4) that the troops in Sudan were those of the "National Unity Government" which are out there to liberate Chad, that Libya did not care if those troops did or did not withdraw, and that the repetition of this statement and the fact that it was quickly picked up and broadcast by the imperialist news media would indeed reinforce the same trend adopted by al-Sadat and Numayri. The Libyan official spokesman concluded by saying that Libya believed that the movement of John Garang and Ethiopia were right when they said that the change in Sudan was a change of persons and did not affect the policy and orientation of the state and that the shadow of the government of Numayri and American influence were still present in Sudan.

In response to this reply, the government of Sudan, in dealing with the problem of the Libyan military presence, has only one choice to secure its sovereignty, namely the evacuation of the remaining Libyan troops and those of the pro-Libya Islamic battalion while beefing up and reinforcing the Sudanese troops on the borders to prevent any hostile troop penetration. The government should also, concurrently with that, take a clear-cut stance on Libyan intervention in Chad. Prime Minister al-Mahdi alluded to this choice in his response at the Wednesday seminar of the Umma Party to questions about the reasons for Sudan's intervention in the war in Chad. He intimated that Sudan was acting as a mediator and was not trying to influence the direction of the war. He said: "As for the war in Chad, it is in the national interest of Sudan to stop it because it has a negative impact on its national security and on Arab solidarity. For example, hostility among nations with which we

maintain relations would induce our enemies to use this hostility against the interests of our nation."

Whatever the case may be, Sudanese-Libyan relations in light of the development in Chad war are bound to deteriorate if Sudan adheres firmly to its neutrality and does not allow the conflicting parties to use its territories as a take-off point.

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## NEW ATTEMPTS TO UNITE UNIONISTS

London AL-TADAMUN in Arabic 25 Apr 87 p 11

[Article by Fath-al-Rahman Mahjub: "According to General Conference of Democratic Unionist Party; 'Unionists' Discuss Integration of Union"]

[Text] The Democratic Unionist Party (DUP) is expected this month to conclude its branch conferences as well as its general conference, which had been postponed several times before. The DUP is the ally and partner in the present coalition in Sudan, which was produced by last year's elections. It is a temporary form of coalition with its traditional rival, the Umma Party, and it has a precedent.

Observers attach great importance to the outcome of the DUP conference for two reasons. First, the party now represents the main facade of what may be called "the group of Unionists" who have always constituted a center of political power and leadership even before independence. Second, the party is in the grip of an internal crisis as evidenced in the dwindling of its influence and popularity at the ballot box in an unprecedented fashion since the first election was held on the eve of independence. The crisis is also reflected in statements made by more than one group, each claiming to be the legitimate and most qualified leader of the Unionists as a historical movement.

Some sources believe that the Unionists' problems stem from a rivalry for leadership. But the issue is much deeper and more complicated in view of the fact that it is closely tied with the historical and social conflict witnessed by Sudan in the last 3 years. Thus the outcome of the DUP general conference will affect not only the Unionists' movement within and outside the party and power centers (with the party's harmonious and disharmonious interests and alliances) but the entire political future of the country. What unified the unionists at the beginning under one banner may be summed up in three points: 1) the aspirations of the modernists in the cities, who were instrumental in the anti-imperialist movement and in ridding the country of the British, to assume power. 2) The idea of achieving unity with Egypt out of a sense of loyalty or genuine conviction in the unity of struggle and common destiny, an idea, however, which did not develop beyond the old anti-British framework, and which after independence the Unionists dropped entirely.



3) Considerations pertaining to political rivalry between the Khatmiyah and Ansar sects. This is a rivalry which has been going on for ages.

For this reason some people believe that the things which unified the Unionists in the past, with the exception of the last point, were no more after independence. This opened the door wide for the main internal conflict in the Unionists' movement which evolved around the basis for coalition between the modernist and traditionalist sectors in the movement. Thus the traditionalist Khatmiyah sect walked out of the National Unionist Party (NUP) in June 1957, just 6 months after independence. The sect announced the formation of its own party, the People Democratic Party (PDP), notwithstanding the fact that relations between the two sects were normalized by the exigencies of politics and in the name of the Democratic Unionist Party, and this continued until after the uprising of April 1985. Yet the rift is still visible to whoever takes a close look at the structure of the Unionist movement inside or outside the National Unionist Party, for the Unionist Party always embraced two groups--one modernist, and the other traditionalist. The two groups always appeared to form an artificial union.

It may be appropriate in this connection to refer to two facts. The first is that internal democracy has been the party's chief characteristic on which its main structure is based. The leaderships of the committees and councils were elected according to competence or skill and by a free vote. The leaders of the two sects were thus selected according to criteria derived from religious doctrine: a known and calculated process for selecting leaders from a specific religious house. Following the April 1985 uprising, the Khatmiyah leadership assumed power in the Democratic Unionist Party, or thus it appeared in the absence of elective institutions which have been looking forward to the convening of the general conference.

The second fact is that the Khatmiyah leadership (the house of al-Mirghani) began to take an interest in direct political activity or assume political positions after staying aloof from direct political work. It began to contribute, in a clear and direct fashion, to political work and to participate in partisan festivals and political evenings and assume constitutional and political positions. This is a matter reflecting, in one aspect, a positive perception of current events, for the nature of Sudanese politics has changed and the dominance of modernist forces has increased. On the other hand, this situation has led to the widening of the old crack in the structure of the Unionist movement.

Relations among the various Unionist groups, individually and collectively, have been under local influences which have not spared their rivals in the Umma Party, where elements of the political equilibrium in Sudan's northern provinces played a key role in the give and take between their parties, and in the political effectiveness of these parties. The modernist faction in the Unionist Party has been swayed by the temptations of allying with or breaking away from the traditionalist forces since before independence during the party's ebb and flow and during its periods of weakness and strength. This alternating alliance and disalliance were restricted to the Unionists and the

Khatmiyah sect. After independence, struggling for power and authority helped extend the ropes of the alliance to the other sect, namely, the Umma Party. This was followed by forming "national" or "coalition" governments. The nature of the country's political makeup in the northern states made it difficult for any of the three parties to get enough seats in the parliament to give it a ruling majority. This situation forced the three parties to deal with each other somehow.

A quick glance at the results of the 1985 elections reveals that the Unionists did not lose many seats to the Umma Party but to a third force, namely, the National Islamic Front, which won most of its votes in geographic constituencies once held by the Unionists. However, a look at the total votes obtained by the parties shows that the power of the Democratic Unionists Party is greater than what the number of seats gained by that party reveals. This is due to technical and organizational reasons, notably the fact that the party put forward too many candidates, reflecting organizational weakness and flaws, on the one hand, and the possibility that such organizational weakness and flaws can be bypassed depending on what can be achieved at the general conference, on the other.

This brings us to the election results in the last 2 decades of democracy in Sudan. Certain developments emerged with the admission into parliament of religious parties following the toppling of the first military regime. Also, the election of the sixties witnessed the emergence of some regional and tribal alliances. The first of these developments indicates the disassociation of some modern elements from the traditionalist parties, for the Unionists no longer represented the modernist forces, in the opinion of the latter.

Today there are signs indicating possible mutual support between the modernists among the Unionists and their traditionalist counterparts, for new modernist forces have come into prominence and are working closely with the incumbent leadership of the Democratic Unionist Party.

In addition to competence there were regional and historical considerations which have produced promising faces for cabinet seats, such as Muhammad Tawfiq, Muhammad Tahir Jaylani, Dr Husayn Abu-Salih, and Dr Muhammad Yusif Abu-Hurayrah. Therefore, what has been reported about the nomination of Muhammad 'Uthman al-Mirghani, leader of Khatmiyah sect, to be the party chief is a good sign that the Khatmiyah leadership has opted for an alliance with the modernists in the Democratic Unionist Party to commence a new era in the history of the party.

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## SANCTIONS AGAINST IRAN, YAR-PDRY RELATIONS DISCUSSED

London AL-HAWADITH in Arabic 22 May 87 pp 26-27

[Interview with YAR Deputy Prime Minister and Head of the Arab League Delegation to Washington Dr 'Abd-al-Karim al-Iryani, by Raghidah Dargham: "Our Goal Is To Convince Iran To Negotiate;" in New York, date not specified]

[Text] In the UN Security Council, the United States will very likely take action aimed at forcing the council's members, particularly its permanent members, to discuss imposing sanctions against Iran, since Teheran has continually refused to comply with international resolutions concerning its war with Iraq. The American administration is concentrating on this particular aspect, to make it understood that America sponsors this move and that this move therefore carries American weight. During the visit of the Arab special commission, statements were issued stressing the need to get the superpowers to try to convince both sides to end this war; the most important statement expressed Washington's readiness to adopt the principle of imposing sanctions against Iran.

According to Arab sources, America's emissary, Assistant Secretary of State for Middle East Affairs Richard Murphy, delivered to Iraq and the Gulf countries a working paper for the proposed Security Council resolution, which contained the basic provisos that the solutions to the war must not be partial and that the Security Council's mechanisms should be activated in order to obligate the countries to boycott Iran militarily because of the latter's refusal to implement UN resolutions. Such a boycott would be tantamount to what the American administration calls a "stanching operation," by means of which the Third World countries would be urged to not provide Iran with arms—in an international context which the UN members would be committed to uphold.

Therefore, what is being talked about is another resolution rather than a new policy which would be neither pro-Iran or pro-Iraq. American sources agree that this is the most the American administration can do about the war itself at this point. Washington is maintaining its claim of neutrality in this war, and wants a no-win, no-lose end to it. As for the purpose behind America's Security Council move, it goes back to political factors, such as the restoration of the American administration's credibility among the countries of the region following the scandal of its secret deal with Iran, as well as Soviet initiatives towards Gulf countries, particularly in the context of the Iraq-Iran war.

The American move is built on the Soviet move, and the United States stand is attached to the Soviet stand, rather than being a new initiative. According to Arab sources in Washington, Murphy visited the area because of the Soviet activity. While Moscow has diplomatic relations with Iran at the same time it supplies arms to Iraq, Washington is in no such position, which puts it in a less influential position than the Soviets from the standpoint of war and peace between Iran and Iraq. Therefore, the American administration has decided to expand its initiative to the UN Security Council.

Imposing sanctions on Iran is not an easy matter, because of the composition of the Security Council itself, and particularly in view of the member countries' stands towards both sides in the Iraq-Iran war. The Soviet and American stands are closer to each other than are the stands of the other three permanent members—China, Britain, and France. Regardless of whether the American and Soviet stands are the result of coordination or are parallel—due to special considerations for both of the superpowers—the Iraq-Iran war is just about the only issue on which both superpowers agree. The question remains: how will the Soviets respond to the United States' international move? It might be hard for the Soviets to adopt the stand of imposing sanctions, from fear that this would be considered a retreat from their previous stand.

During the last 2 weeks the American Congress has been discussing the new American stands, especially the commitments to Kuwait. At the same time, Congressional committees have been issuing resolutions in support of continuing the cease-fire in the Iraq-Iran war, resolving the conflict through negotiations, forming an international tribunal to investigate the sources of the conflict, and supporting international steps against whichever party refuses to negotiate and stop shooting. The most important thing about these resolutions may be that they lay down general guidelines for a solution acceptable to America, insist that this solution not be partial, and point to to the end of the Iraq-Iran war and to integrated, comprehensive regional stability.

While the visit to Washington by the delegation from the Arab League's seven-member commission was considered successful, from the Arab and American point of view, AL-HAWADITH met with the head of the delegation, YAR Deputy Prime Minister and Foreign Minister Dr 'Abd-al-Karim al-Iryani, and discussed with him what went on during the visit and what can be expected to result from it. The three-member delegation consisted of Dr al-Iryani, Bahrain's Foreign Minister Shaykh Muhammad bin Mubarak Al Khalifah, and Iraq's Deputy Foreign Minister Wassam al-Zahawi. President Ronald Reagan met with the delegation for more than 30 minutes, along with Secretary of State George Schultz and Vice President George Bush.

The interview with Dr al-Iryani dealt with bilateral American-Yemeni relations and issues and present relations between the two Yemens. The interview follows.

[Question] One of the results achieved by the Arab League delegation to Washington was that the United States expressed its belief in the need to activate the UN Security Council machinery and to get it to accept the idea of



imposing sanctions on whichever party refuses to comply with its resolutions, i.e. Iran. Was this a result of a direct request on your part, or was it an American initiative?

[Answer] We came here to present this request, but the secretariat wanted us to say that they were moving in that direction--through Iraqi efforts, of course--when we arrived. Before our arrival, there had been indications that new convictions on the part of the United States had begun to emerge, one of which was that the Security Council ought to add to Resolution 582 a mechanism for imposing sanctions on whichever party does not accept the peace efforts. However, in view of the fact that the delegation came armed, as we said to Mr Schultz, with a resolution which met with unanimous Arab approval for the first time since this war began, this unanimity gave new impetus to this stand. Therefore, when we arrived with this request, and found that such a conviction already existed, the issue narrowed down to getting America to convince the rest of the Security Council members.

[Question] Three of the senior members of the Security Council are Western countries--the United States, Britain and France. Furthermore, several other industrial nations which will be meeting in Venice during the first week of next month have excellent relations with Iran, such as Japan. Has America promised to make an effort to get its Western allies in the Security Council to adopt its stand in support of imposing sanctions on Iran?

[Answer] The delegation asked for this, and said that the Venice meeting, where six of the seven attending countries are Security Council members, is a good opportunity for the heads of these states to consult on this issue.

[Question] What was the response?

[Answer] We felt a certain receptivity. Although we actually can't say that they answered "Yes, we will bring up this question," the idea, as an idea, was considered a good one.

[Question] Let's talk about Britain, which says that on principle it opposes the imposition of sanctions. The impression we get is that the United States will not pressure its ally into changing a stand based on principle. Thus, America presented a political, not an executive, stand, knowing that the council would not be able to impose such sanctions. What do you think of this impression?

[Answer] We know the British stand, and have heard about it on more than one occasion. It holds that sanctions are of no use. Britain is not the only one, for China is still hesitating as well, as is Germany, which is not a permanent member. I visited Germany about a week before my Washington visit, and I felt that Germany as well, on principle, would not approve the council's imposition of sanctions. As I see it, there is complete American-Soviet agreement over the need to adopt the resolution. I would like to point out that it is one thing to adopt such a resolution, but guaranteeing the imposition of sanctions and implementing them is another thing. I believe that any country, permanent member or not, will upon discussing the matter find that there is nothing hostile about it, neither against the state which would vote for it nor

against Iran. This is not a hostile act against Iran, even if it meets with violent opposition. Ultimately, what such a resolution says to Iran is: Come and negotiate according to international law, with your full rights. It is true that there is some hesitation on the part of some countries, but I predict that the resolution will be passed.

[Question] When you say that there is American-Soviet agreement, do you mean an agreement on imposing sanctions against Iran?

[Answer] Yes, there is agreement over imposing sanctions.

[Question] Have you gotten any guarantees in this respect from the Soviet Union?

[Answer] I personally was not a member of the delegation which went to Moscow. However, the information we have indicates that the Soviet Union is in complete understanding, and that American cooperation in this direction is essential. Thus we are certain of American cooperation.

[Question] So what can be expected to happen in the Security Council?

[Answer] As you know, the answer to this question depends on the deliberations of the Secretary General. I feel that no one wants the resolution to be proposed and then held up. We don't want to be overly optimistic about things; we don't want to raise hopes by saying more than ought to be said. The decision is not in our hands.

[Question] And the purpose? Is the purpose of this move to isolate Iran or put pressure on it through the superpowers, especially since the Arab move has Syrian approval?

[Answer] The purpose behind the Arab move is, in the final analysis, peace. We are aiming for peace, and this move is one way to convince Iran to sit down at the negotiating table.

[Question] Is the intention to isolate Iran in order to convince it of this purpose?

[Answer] It would be better to say that we are looking for ways of convincing Iran to conclude peace, not ways of isolating Iran. Iran needs everything from the outside world, since its economy has been destroyed because of the war. Surely, if sanctions were imposed and some of the sources for arms and other basic materials were cut off, that would generate a general trend which would convince Iran to sit down at the negotiating table.

[Question] Have you and the Americans been seeking regional security and stability, freedom of navigation, and cooperation between the region's countries and the United States in this regard?

[Answer] The committee's goal involves an important point--that the conflict not be divided into parts. There is a basic conflict, and there are incidentals to it. It was agreed in the Arab League that matters must not be

discussed piecemeal; rather, a comprehensive peace must be discussed. It is no good for us to say, "Come on, let's work together to achieve freedom of navigation in the Gulf, or to protect a country being threatened by Iran."

[Question] Earlier you said that the committee came armed with Arab consensus. Naturally, you were referring to Syrian approval. What about it?

[Answer] Syria, and Libya as well. I was here in Washington about a year ago, and we were really annoyed when this question was brought up before the seven-member committee. Whenever we would discuss this matter with a non-Arab country, we were met with the reply, "Is there Arab consensus?" We could almost hear them saying, "Put things in order among yourselves, and then come and talk to us." We were quite annoyed. This time, consensus has been a powerful weapon. I also feel that it proves untrue what people are saying about how the Arab League's role is over. The unity of Arab opinion can be expressed only through the Arab League. Therefore, this consensus is an extremely positive factor from the standpoint of unity of Arab opinion.

[Question] There is a point of view which says that it was coincidental that American interests were served by meeting your delegation's demands, particularly since the American administration needs to take a firm stand on Iran, especially now that Congress is discussing the details of the secret Iranian arms deals--that it is in the United States' interest to exploit the delegation's visit to express the American stand from the standpoint of its interests, without changing its stands towards the Arabs. What do you think of this explanation?

[Answer] First of all, policy consists of mutual interests. If the circumstances are right for the United States to adopt such a resolution, why should we be annoyed? Why should we disparage the significance of this decision? The goal for which we came and worked for on more than one occasion without getting any response has been achieved. There might be other reasons for this stand, but they do not, as I just said, detract from the importance of the resolution, which has achieved the goal for which we came.

[Question] What about secondary American-Yemeni issues? Earlier you spoke of President "Ali "Abdallah Salih's visits to the United States and the Soviet Union, both of which have been postponed. Are you trying to set a new date with the Americans while you are here in Washington?

[Answer] There isn't enough time to discuss this in detail. We have discussed this question briefly, since the time is short. The visit and the arrangements for it need a long session. The visit has not been cancelled, and the idea still stands. We need to make arrangements, and a short visit is not enough time. Another delegation might come to Washington, or we ourselves might come, since the matter needs more than 15 minutes to arrange.

[Question] Will this visit take place this year?

[Answer] I don't know, and I can't speak for the president's appointments.

[Question] Why was the visit postponed?

[Answer] Because the time wasn't right. At the time, the president was visiting Germany for medical examinations, and he had prior commitments. When they asked, they didn't say to come on such-and-such a day; they just said, "Is such a date good?" The president replied that it wasn't, so they said, "We'll get together then, to set another date."

[Question] Why was the visit to the Soviet Union postponed?

[Answer] That was because of the Reykjavik Summit. Actually, the visit almost took place, but the Reykjavik Summit came along and the president's visit was postponed. A new date for the visit is now being sought. A Soviet delegation visited San'a' last month, and its members said that they would consult with us as soon as possible about a suitable date.

[Question] During the Palestine National Council meetings in Algeria, you met personally with Secretary General 'Ali al-Bayd. Did you discuss a summit meeting between the presidents of North and South Yemen?

[Answer] The meeting was just a visit, and was almost purely protocol.

[Question] Protocol? Did you discuss the fate of Former President 'Ali Nasir Muhammad and his group?

[Answer] Never. I called on 'Ali al-Bayd because he is the number-one man in South Yemen, and it is my duty to visit him.

[Question] Fadl Muhsin, secretary of the Central Committee in Aden, also visited San'a' and met with President 'Abdallah Salih. What were the results of this visit?

[Answer] I was away from San'a', and I don't know anything about this visit. However, the negotiations between officials of both Yemens are making progress towards reaching a national accord between the two warring wings of the Yemeni Socialist Party.

[Question] What are the obstacles to this, and what are your reservations about Aden's stand?

[Answer] We have no reservations about the South Yemeni stand, because the issue is purely Southern. As I see it, the difficulty is that no decision has yet been reached in South Yemen. At least there is a certain segment of the ruling Yemeni Socialist Party membership with whom a compromise might be reached which would lead to the return of most of the displaced persons now in North Yemen. The difficulty is that this decision has not been reached, regardless of how many persons will be excluded. To this very day, neither the Political Bureau nor the Central Committee in South Yemen have made any decision. However, there is a group of comrades in the party whom events have caused to willingly or unwillingly emigrate to the North. It would be possible to reach a national agreement with them which would reunite the party while removing whomever they wanted to remove. This decision has not been



made, and as long as it is not made, the frank dialog between South and North remains a dialog between the deaf. I ask our brothers in Aden; "Brothers, make a decision, so that the January events may become political footnotes." The main group is in North Yemen, and must return to South Yemen. At that time, I bet you, the issue will be over within 24 hours.

[Question] Are you and the South seeking guarantees for 48 persons from Nasir's group who are in North Yemen right now?

[Answer] How can we seek guarantees when they have not yet made any decision? How can we seek guarantees for someone like Riyadh al-Akbari, a Central Committee member, who was not accused of anything but who was forced by events to leave Aden? When they say that they have decided that Riyadh al-Akbari can return as a Central Committee member and a partner in the decision-making process, then we will look for guarantees. However, we are still very far from this stage. I say frankly that the decision must be made there in Aden--the decision to restore harmony and unity to the party. Following this, North Yemen will help achieve this goal.

[Question] If such a decision is not made, will North-South relations become more tense?

[Answer] Never. Relations are not tense at all, and will never be. We don't feel that we are a party to any problem which has happened or which still exists in Aden. But we are carrying the burden, and we are complaining about it. We say that the problem must be solved. We are upset that the problem is continuing and is becoming more complicated, but we have never disagreed enough to say that the situation between South and North Yemen must be improved.

[Question] Is the presence of armed South Yemenis in San'a' camps a source of uneasiness for the North?

[Answer] They are not foreigners--they are our people. These armed elements are disciplined, and are out of their element.

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## SHULTZ SPEECH TO INDO-AMERICAN COUNCIL QUESTIONED

Bombay THE TIMES OF INDIA in English 16 May 87 p 8

[Editorial]

[Text]

It is not at all clear what the U.S. secretary of state, Mr George Shultz, had in mind when he told the annual meeting of the Indo-American business council in Washington last Wednesday that on Afghanistan the U.S. "would like to see more support from India." India's stand on the Afghan problem has been repeatedly made known to the Reagan administration in unambiguous terms. Indeed, as recently as the third week of April, the Minister of state for external affairs, Mr Natwar Singh, had an occasion to explain the Indian position to Mr Shultz himself. His call for "more support" from India can, therefore, be interpreted as another reminder to New Delhi that in view of their divergent perceptions of the Afghan issue, India must not expect an improvement in its relations with the United States. But why was such a reminder necessary at this point of time? One plausible explanation could well be that Mr Shultz wished to send a signal to New Delhi that unless it takes a more favourable view of American concerns regarding Afghanistan, (and by implication Pakistan), it must not entertain the hope of greater U.S. cooperation in such fields as high technology and trade. If that is, indeed, the signal, then it runs quite contrary to the stand taken by Mr Natwar Singh in Parliament the other day viz. that differences on Pakistan and Afghanistan notwithstanding, India and the U.S. could increase their cooperation in other fields.

Not only did the U.S. secretary of state seek "more support" from India on Afghanistan but he went on to add that India "could have some influence with the Soviet Union" to help find a political solution to the Afghan problem. In precise terms, the Americans expect New Delhi to persuade Moscow to make major concessions on two issues that are of utmost concern to them: first, a time-table that provides for a rapid and complete withdrawal of all Soviet forces from Afghanistan and, second, a "political arrangement" in Kabul which would persuade Afghan refugees to voluntarily return home. Mr Shultz is surely not unaware of India's limited leverage with the Soviet Union. Nor can he possibly ignore the fact that realistically, India can no longer look forward to any loosening of the "strategic alliance" between the U.S. and Pakistan, which stands to the detriment of India, even if the Russians withdraw from Afghanistan. If he has asked India to use its influence with Moscow all the same, he must doubtless have sound reasons to do so. What these reasons are is hard to say. This is why last Wednesday's speech by the secretary of state raises questions which call for answers.

## CARLUCCI, OTHERS ADDRESS INDO-U.S. BUSINESS COUNCIL

Madras THE HINDU in English 15 May 87 p 9

[Article by R. Chakrapani]

[Text]

WASHINGTON, May 14.

Mr. Frank Carlucci, National Security Adviser to the President, Mr. Ronald Reagan, said yesterday that the U.S. "is firmly convinced" that the attainment of self-sufficiency by India in defence was clearly in the interests of both the countries and that the U.S. was prepared to transfer appropriate technology and systems to India to achieve the goal.

"We are also helping India achieve technological self-sufficiency thereby enabling India to move into the 21st century," he said referring to flow of high-technology to India in civilian areas.

Both Mr. Carlucci and Mr. Robert Dean, Special Assistant in the National Security Council (NSC) staff at the White House, addressed the joint Indo-U.S. Business Council meeting, which yesterday concluded a two-day session. This was probably the first time that an NSC Adviser to the President has addressed a gathering of Indian and U.S. businessmen.

**Expanding ties:** Mr. Carlucci spoke about what he called the "expanding" ties between the two countries in the commercial, economic and scientific areas and complimented India on using U.S. assistance effectively. He welcomed the programme of economic liberalisation undertaken by the Government of India. While in the short term this might have created problems, the increasing number of business connections and accelerated economic growth were now providing results and attested to the foresight of the Prime Minister's policy.

**Supercomputer sale:** Referring to the approval of the sale of Cray XMP 14 supercomputer to India, Mr. Carlucci said that this was the first such sale to any non-cocom (Common Market and Japan) nation outside the neutral countries of Europe. He assured India that as the technology relations between the two evolve, the U.S. would consider further requests from India. "The fact that we have advanced so far shows our willingness to do more in future", he said.

(The U.S. decision to allow the sale of the Cray XMP 14 as against the Cray XMP 24 pre-

ferred by India was conveyed to New Delhi recently. New Delhi has not yet conveyed its final decision.)

The fact that the U.S. had approved the sale of a supercomputer to India, said Mr. Carlucci, indicated that the "ice is now broken" in the sale of the machine to India. Mr. Dean added: "We recognise the technology flow is moving rapidly. We also acknowledge that after this threshold is crossed, we will move further upward and we will negotiate higher levels of technology for India in future. Our effort is to make a beginning and the Indian side will do well to respond to this offer. It will be a continuous effort so far as we are concerned."

**Help in LCA project:** Referring to the Indian project for the manufacture of light combat aircraft (LCA), Mr. Carlucci said the U.S. was prepared to cooperate in the area of advanced defence technology. "This is an area of special sensitivity and must be carefully considered by both the countries." He said India had already authorised the sale of the General Electric F404 engines for the project and was ready to discuss other technology that it might need for the LCA project.

Mr. Carlucci also cited U.S. readiness to help India advance in the telecommunication system and this would promote increased cooperation between the scientists of the two nations. He reiterated willingness to assist in the launching of India's Insat communication satellite in October 1990 when the stalled U.S. Space Shuttle programme would be revived.

#### **Obstacles**

At yesterday's meeting, Mr. R. P. Goenka, President, Federation of Indian Chambers of Commerce and Industry, said that obstacles to the flow of U.S. technology to India in recent

times had multiplied and not decreased. He also alluded to developing strains in political relations because of the supply of sophisticated arms to Pakistan and said: "I fail to perceive why the two countries, which are the world's largest democracies and with the greatest complementarities, could not forge the best of relations. From the point of view of business climate, this is very important."

Mr. M. V. Arunachalam, co-leader of the Indian delegation, believed the volume of trade could be increased to \$9 billions by the end of the decade. But he pointed out that some of the trade policies followed by the U.S. in relation to Japan and certain other countries in a climate of protectionism was affecting India and other developing countries. There were many instances where the U.S. was levying heavy import duties, without much investigation, that affected developing countries.

He called for the creation of an atmosphere that would result in the flow of U.S. technology as well as investments. The process of economic liberalisation started in India in 1985 had created a new environment and made the Indian market more attractive.

Mr. L. K. Jha, M.P., Adviser to the Prime Minister, spoke about the evolution of Indian planning and the growth of the private sector and the new policy of economic deregulation. "This process can succeed and make progress if the response from the industry is positive", he said. By industry, he meant both Indian entrepreneurs and their American or Japanese counterparts. He advised them to pursue their business not in an entirely opportunistic way, but share the concerns of the people too so that a strong public lobby was created in their support.

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CSO: 4600/1740



## TIWARI ANNOUNCES PLANNED VISIT TO BEIJING

14 May Press Conference

Calcutta THE STATESMAN in English 15 May 87 p 9

[Text]

**THE** External Affairs Minister, Mr N. D. Tiwari, announced at Calcutta airport on Thursday that he had plans to visit Beijing "around June 12" to request the Chinese leaders to fix a date for the next round of talks "to settle the border issue". This would be the eighth round of talks between the two countries on the border issue. The seventh round of talks were held in New Delhi in July last year.

Mr Tiwari said he would go to Beijing on his way back from North Korea where he would attend the non-aligned Foreign Ministers' conference on South-South cooperation on June 9. He, however, did not say how long he would stay in Beijing.

Asked to comment on a recent Press report that India and China were heading for a military confrontation, Mr Tiwari said, "We do not want war. We want peace. We have spelled out India's stand in Parliament." He said India wanted to settle the border issue peacefully through negotiations. Mr Tiwari said he had not seen the report in the Press and added that he did not have any knowledge of tension on the border now.

Mr Tiwari declined to give his comment on the report in a section of the Press that the Chinese were collecting tax from Arunachal villagers on the ground that the Chinese might immediately react and give a reply which "will not be

conducive to negotiations with China".

Referring to the U.S. Secretary of State, Mr George Shultz's statement that India should ensure withdrawal of Soviet troops from Afghanistan, Mr Tiwari said that India's stand on the matter was very clear. India wanted that genuine peace be established in Afghanistan. "We also want Afghanistan to remain an independent and sovereign country", he said.

On U.S. supply of arms, including AWACS, to Pakistan, Mr Tiwari said India was against any escalation of the arms race in this region. "The supply of U.S. arms will certainly affect India", he remarked. Asked to give his view on the Soviet warning that supplying AWACS to Pakistan would pose a threat to the security of the countries of this region, Mr Tiwari said he had read the report in Pravda.

Asked for his view on the Pakistani criticism of his recent visit to Afghanistan, he claimed that the criticism did not reflect the view of Pakistani leaders or the Pakistani Government. It was well known that he had gone to Kabul to attend a meeting of the Indo-Afghanistan Joint Commission.

On the ethnic problem in Sri Lanka, Mr Tiwari said India believed that a solution to the problem was possible through negotiations on the basis of the December 1986 proposals.

Mr Tiwari, who made a brief

stop-over at the airport, was on his way to Tokyo. He will hold talks with the Japanese Foreign Minister there. Mr Tiwari will go to Seoul from Tokyo.

UNI adds from New Delhi: During his two-day stay in Tokyo, Mr Tiwari will hold talks with the Japanese Foreign Minister, Mr Kura Nari, on further increasing trade and technical cooperation between the two countries. Mr Tiwari said he would also discuss the question of appreciation of the yen which was a big factor in international trade today.

Mr Tiwari will go to Seoul on May 17 on a three-day visit and exchange views on a wide range of international issues and bilateral matters, including the question of further increasing trade and technical cooperation, with the South Korean Foreign Minister, Mr Kwong Soo-Choi. He will also call on President Chun Doo-hwan and the Prime Minister, Mr Shinyong Lho.

Seoul's significance has increased for India, especially because of South Korea's recent successes in economy and trade and the forthcoming talks in Seoul are likely to review political, economic, commerce and cultural relations.

High-level delegations of Indian scientists, business leaders and others have recently visited Seoul and have shown interest in learning from South Korea's experiences in these fields.

## Contacts With PRC

Madras THE HINDU in English 15 May 87 p 9

[Text]

NEW DELHI, May 14.

The External Affairs Minister, Mr. N. D. Tiwari, will visit Beijing around June 12 for talks with the Chinese leaders about the scope of which only vague indications are available here.

The plan for the visit was announced by Mr. Tiwari himself in Calcutta today, in a brief talk with correspondents during the stop-over at the airport on his way to Tokyo. The details and the exact dates are being finalised through diplomatic channels. The purpose does not appear to be to engage in substantive discussions on the border or to upgrade to the political level the dialogue that had gone on between the senior officials of the two countries alternately in Delhi and Beijing. For that a lot of preparatory work is necessary which has not yet been undertaken. The idea seems to be give to a push to the official-level talks — the next round ought to be held in the near future but so far no date has been fixed, and to find out modalities for containing tension at the border.

Last month, Mr. K. C. Pant made use of a stop-over in Beijing, on his way back from a visit to North Korea, for talks with the Minister of Geology, while the MPs accompanying Mr. Pant got an opportunity to exchange views with the representatives of the Chinese Communist party. The exchange of view was cordial and frank, with both sides recognising the need for speeding up the next round of talks and for avoiding tension at the border. The two Ministers re-stated the respective positions of their countries on the happenings at the border.

This meeting did not make any difference to the strongly-worded statements from Beijing on the 'massing of troops' and military exercises by India along the border which were refuted with equal vehemence by New Delhi. At least twice after Mr. Pant's visit, accusations against India were the main subject of the weekly Foreign Office briefing in Beijing. India, on the other hand, maintained that strict instructions had been given to its personnel not to cross the international Sino-Indian boundary. Speaking in Parliament, Mr. Tiwari reiterated the Indian stand — that peace and tranquillity must be maintained all along the border and that any dispute that arises must be settled through peaceful negotiations and no effort be spared in that direction.

While the Sumdorong Chu Valley episode as also the Chinese protests over the grant of statehood to Arunachal Pradesh introduced strains in bilateral relations, the two sides exchanged meaningful signals either directly or indirectly. For instance, Mr. Li Lianqing, who recently went back to Beijing after completing his term as China's Ambassador here, utilised the

opportunity of the farewell call on the Prime Minister, Mr. Rajiv Gandhi, affirming his Government's desire for a settlement of the border problem through friendly consultations. Sino-Indian issues also figured in the talks of the last visit here of the Romanian President. Considering the close relationship between Romania and China the significance of these discussions could not be underrated.

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## CORRESPONDENT SAYS IRAN KNEW ATTACKED TANKER WAS INDIAN

Madras THE HINDU in English 16 May 87 p 6

[Article by F. J. Khergamvala]

[Text]

BAHRAIN, May 15.

The attack on the Shipping Corporation of India's tanker, B.R. Ambedkar, by what is from all accounts an Iranian gunboat in the early hours on Monday was apparently undertaken after approval from senior authorities. It is, however, not clear if the strike had political sanction from Teheran or carried out under the orders of naval commanders. Either way there is no doubt orders to hit the SCI vessel took into account its Indian registration.

Officials and shipping agents believe the Indian ship was not singled out for a search and destroy mission but may have been hit as part of a larger policy decision to strike at anything moving cargo to and from Kuwait. Nevertheless, quite a few are of the view that since B.R. Ambedkar was challenged well before the attack and struck only after an interval of about 2½ hours, as is the pattern, this gave the gunboat sufficient time to report the registration and cargo of the SCI ship. That the raid was carried out despite the vessel being identified as an Indian registered ship is indicative of a blanket policy not to exempt any target, neutral or otherwise. In other words, even if it is Indian, it is not exempt.

**What is neutrality?** In fact there is a difference of opinion on what constitutes neutrality. Some time ago the U.S. had admitted that ordinarily Iran in a war zone was legally right in asking for cargo and registration of commercial traffic. Since Iranian attacks on vessels frequenting Kuwait are an established policy, it appears to be interpreting the term neutral, given its vagueness and ambiguity, to its advantage. Kuwait is known as a firm supporter of Iraq and by Iran's definition an ally of the enemy. B.R. Ambedkar, therefore, comes under the category of ships registered in a neutral coun-

try but carrying on trade with an enemy ally. It was in ballast (without oil) and moving toward Kuwait to lift crude.

Though there has been no positive identification of the gunboat which punched rocket holes in the SCI vessel, it is futile to conjecture on its origin. Overwhelming evidence points to Iran. Iraq never attacks vessels so far out in the Gulf — nearly 32 km. off Shariyah — except by air. Again, the hit on the SCI tanker was one with the pattern followed in the past few months. Iran has several means of disrupting Gulf navigation. It has used helicopter-borne missiles, small launches equipped with heavy machineguns for smaller targets and also fast craft using rockets as in the SCI incident. Of the three SCI ships struck so far, this is the first that can without doubt be identified as being attacked by Iran. The attacker's identity on the last one, Kanchenjunga, in 1984 still remains a mystery.

**Need for clarification:** The question as observers here see it is not how many holes were punched on which side of the ship or the type of the weapon used. What however seems necessary is for Indian officials to get in touch with Teheran immediately and obtain an unambiguous clarification whether in the light of its inability to close effectively the Straits of Hormuz, is it Teheran's intention to deter commercial shipping in the Gulf? (Surely Iran did not expect to fully destroy and sink a ship of about 90,000 dwt, especially when in ballast with a few rockets). Additionally, if this is not the case what definition of neutrality applies to Indian ships sailing to Kuwait, Saudi Arabia, Qatar, Bahrain and some Gulf ports of the UAE? All of them in one way or another support Iraq, either materially or politically. There is no doubt that Iran is seriously concerned about the induction into the Gulf of vessels on charter from the superpowers with the armed naval escort that is im-

plicit with this facility.

In obtaining these clarifications New Delhi could do its homework by sounding out a few other neutral countries whose vessels use the Gulf and not be hoodwinked like some others have been by Iran. It is well known that there is no firm and supreme decision-making authority. In this particular area of contention, the Iranian Navy and the Revolutionary Guards vie for operational jurisdiction and power. The latter have their own fast attack craft which come under a command structure that frequently is in conflict with other groups in the Iranian power struggle. That is Iran's business and some degree of firmness needs to be exercised in conveying to Teheran that in the eyes of the Indian people it is Iran that is the perpetrator of these Gulf attacks.

As far as Indian ships are concerned it is a no win situation. New Delhi is not about to send its Navy. On one hand unarmed commercial vessels cannot escape unharmed. On the other, such ships cannot arm themselves as such facilities render them under the hostile and armed category. *Jane's Defence Weekly* had published photographs of two Indian ships armed with, among other weapons, Bofors anti-aircraft guns.

UNH reports from Dubai:

The SCI has accepted the quotation of the Dubai drydock for repairing B.R. Ambedkar, which was hit by an Iranian gunboat off the UAE coast.

There are five holes on the port (left) side of the ship, two in its engine room and three in its oil tanks.

According to the SCI Chairman, Mr. L. M. S. Rajawar, who returned to Bombay after a two-day visit to Dubai to inspect the damage, it should take about a week to plug the five holes, the largest of which is about a foot wide.

/9274

CSO: 4600/1742



## WRITER REVIEWS DEVELOPMENTS IN INDO-SOVIET COOPERATION

New Delhi PATRIOT in English 13, 14 May 87

[Two part article by Rajiv Shah]

[13 May 87 p 4]

[Text]

According to a highly informed Soviet source, who did not want to be named, the Soviet Government has decided to treat economic cooperation with Indian firms on the same footing as that of the Council for Mutual Economic Assistance (CMEA) or Eastern European and other socialist countries. This unprecedented decision, the source said, was taken in the "early part of the year".

This would mean, according to the source, that the "rules of cooperation with individual enterprises in the Soviet Union would be the same as applied to inter-firm cooperation with the CMEA countries".

The source also pointed out that India is the only country to be provided with this facility, and "I think it will for long remain the only country with such a facility. He refused to elaborate, saying that the details had not been made known and that the Soviet Foreign Trade Ministry did not wish to make them public.

Hence, he concluded, "the decision is important, but what form will it take is still difficult to say..."

Investigations revealed that this as yet little-known decision has not been made public because, in the Soviet view, the Soviet officials themselves are not yet clear as to what form the joint enterprises with capitalist and

socialist countries' firms — about which a Soviet council of ministers decree was proclaimed on 13 January — will take.

Talking to *Patriot*, Mr Vladimir Mytarev, a well-known expert on the socialist countries' economies, even went so far as to say that the whole question of joint enterprises was still a "new thing" and hence a "lot of uncertainty prevails about it".

Mr Mytarev added: "The law under implementation on the joint enterprises is of a general character; its procedural matters are still unclear... I don't mean any bureaucratic problems which of course are there, but how to supply materials and how to organise, to give you an instance. In my opinion, the decree is not a method or a guide for the economy to open to the world market. It only assigns a bigger role to the existing enterprises which could help them go to the world market..."

Another expert, Mr Alexander Nekipelov, was a little more specific in a news agency interview. A section head of the Institute of Economics of the World Socialist System, Soviet Academy of Sciences, Mr Nekipelov indicated that uncertainty prevailed even with regard to cooperation with the socialist countries. To quote him: "Extensive development of direct links between enterprises and associations of CMEA coun-

tries is impossible without a drastic reorganisation of the whole mechanism of socialist economic management."

Of course, he added, the Soviet Union had already "started reshaping the management system in its foreign economic relations as part of the general task" and all limitations "in the establishment of direct links have been effectively removed".

A point of fundamental importance was that "the CMEA countries have decided not to wait until the conditions at home are right and absolutely in favour of extensive direct links, but started acting at once". Yet, the fact remains that the "limited number of opportunities still hinders the expansion of direct links".

The 13 January decree on establishing joint enterprises on the Soviet soil makes a distinction between enterprises with the socialist countries and those with the capitalist countries.

Thus, joint enterprises with the socialist countries are to be of a very diverse nature, "production enterprises, commercial firms, project promotion and service organisations", besides international associations to "coordinate production, scientific production and other economic activities... on the basis of the commonly owned socialist property..." On the other hand, joint

enterprises with the capitalist countries will be no more than ventures whose aim, according to economist Mytarev, would be fully commercial, i.e. to sell the product to the world market, to the partner country and to the Soviet Union.

Besides, while joint enterprises with the socialist countries will be of a long duration involving a huge amount and hence will be included in the State Planning estimates, no such thing is possible so far as enterprises with the capitalist countries are concerned.

Mytarev added: "Our task and target is to earn hard currency and manufacture goods previously bought on hard currency markets."

Asked whether the terms and conditions applied to the socialist countries could be applied to India as well, Mr Mytarev said: "We want unlimited economic relations with capitalist countries. Which means, we want similar relations with the capitalist countries in joint ventures as they already exist or are likely to exist soon with the socialist countries. But what is the experience? The West more often than not is found creating political obstacles which have nothing to do with economic contact."

Of course, this is not the case with India, one reason why there is a certain stability in the eco-

nomic relations between the two countries. The direct rupee-rouble exchange was a living example of this, he said.

But, in his opinion, "as compared with our trade and business contacts with Hungary or GDR, economic relations with India are ten times lower. Besides, they are so far confined largely to exchange of goods. Of course, possibilities exist for the development of these relations. Both countries can take up huge construction projects together in Central Asia, for instance.

But, for the relations to develop up to the level of our relations with the socialist countries, it is necessary to stimulate them. Mr Mytarev did not spare his own side in this regard. "You underestimate Soviet bureaucracy. Even Gorbachev referred to this during his recent visit to Czechoslovakia while talking about the possibility of increasing Soviet economic contacts with that country. A number of proposals put forward by India could not be implemented due primarily to bureaucratic hurdles..."

All this does not mean that the prospects are bleak or that the Soviet decision on treating India at par with the socialist countries in economic matters has no basis. Head of the Indian Economy Department of the Oriental Institute, Dr A E Granovsky, told Pa-

triot during a talk on the possibility of diversifying Indo-Soviet trade and business contacts, "...India can do what we are doing with our East European friends. If they (Indian business firms) want primary or semi-primary profits, let them participate in production".

He added: We have a large number of co-products, co-projects as with Bulgaria and Hungary, who have invested in iron ore. If India wants ferrous metals, let her also participate in providing the equipment we need... They can pay some finance, too, get back the profits through joint ventures on production sharing basis also in such fields as fertiliser, newsprint etc. and thus help increase trade".

"After all", he pointed out, "the growth of trade is inadequate at present in relation to the joint obligations, which is to double the trade. For this, it is necessary to increase trade at the rate of 20 per cent per year. Last year the increase was only five-six per cent." But he added, "all this demands flexibility and eagerness..."

However, about one thing Soviets here are categorical: India may get all other concessions but the 51-49 ratio in favour of the Soviet Union in joint enterprises will not be violated. The Socialist countries do get such a concession.

[14 May 87 p 4]

[Text]

The recent change in the pattern of Soviet trade with India, with grater emphasis on economic contacts with the private sector, particularly the big business, was not an easy decision, if available facts here are any indication.

A top Soviet expert, Dr A E Granovsky, head of the Indian economy department of the Oriental Institute specialising in economic relations between the two countries, posed the question: "For more than 30 years we cooperated mostly with the pub-

lic sector. Why have we started speaking of cooperation with the private sector?" His own answer was that the change took place due to certain objective factors.

According to Dr Granovsky, "The most important reason for this change is the restructuring which is going on in the Indian economy. The public sector outlay today goes into a rather narrow field of industries — fuel, power, iron and steel etc. The Seventh Plan does not provide for anything new in, say, engineering or chemicals (except for

petrochemicals and fertilisers) and many other sectors. Which means that some major industries are developing in the private sector now."

Dr Granovsky added: "If we had wanted to limit our cooperation to power, oil, coal, iron and steel, etc, then we could well have limited our cooperation with the public sector. But if we want to add other sectors, including the consumer goods industries and construction material industries, which are predominantly in the private sector, then

we should cooperate with the private sector as well".

At the same time, he pointed out that a greater emphasis on the private sector also meant expansion of the trade ties between the two countries. "The degree of international division of labour between our two countries has reached a stage where a broad sectoral approach should be taken, and cooperation should be extended to all types of industries."

Dr Granovsky's opinion is broadly shared by those directly or indirectly involved in Indo-Soviet economic cooperation. They say the structure of the current trade is such that most of the exports from India to the Soviet Union are dominated by the private sector — garments, handicrafts, engineering goods, textiles, footwears, etc. But most of the exports from the Soviet Union to India go to the public sector. There is an urgent necessity to "correct" this imbalance.

From the Indian side, in Soviet view, there are broadly three reasons for the private sector to feel hopeful for an increase in its cooperation with India.

On the first place, there is hope for acquisition of the latest technology, which the Indian business failed to get from the West despite the Rajiv Government's broad liberalisation policies. Of course, the number of foreign collaborations has increased from 390 in 1980 to 1,024 in 1985. But sectoral structure shows that the priority sectors of Indian business did not benefit to any sizable degree from that.

No important change took place in such areas as industrial machines, chemicals, instruments, machine-tools, electrical equipment and even electronics. Only, there was some benefit in consumer industries producing TV sets, cars, home electronics, mini-computers and calculators. Even the supercomputer which the US offered to India is not the one India expected to get.

Hence, among the business circles there is a general disappointment. Sources say, some businessmen even told Soviet officials that the Government had practically eliminated FERA for the TNCs, yet they got nothing.

Secondly, Soviet commercial credits carry a very low interest rate — four per cent per annum with liberal grace periods. The Western credits have an interest rate of anywhere between 11 and 15 per cent.

Thirdly, Indian business has the opportunity to get the Soviet equipment on rupee payment.

Despite all this, the feeling here is that the Indian private sector should change its attitude towards the Soviet Union to make broader cooperation a reality. They say it is only "natural" for the Indian businessmen to ask "how much would the Soviet buy back in case we buy their equipment?" But they should understand that their strategy to get the latest western technology has after all failed. They thought that by opening export-oriented high-tech industries they would survive any obstacles put up by the home market. "But this did not happen. And today, 87 per cent of items produced in the Kandla free trade zone are sold to us".

In Dr Granovsky's words, "Indian competitiveness is lower in the world markets not because of its technical level but because of Reagan's barriers... Besides, you can't export to the West what the West has already got and be competitive".

Given this situation, the Soviets feel the Indian private businessmen must understand that to sell they must also buy. As one Soviet publicist talking to *Patriot* put it, "Markets here are unlimited. Just go to any street — there are long queues for anything unique or new, however costly it may be. And half of Moscow girls go around in Indian cotton garments during summer... So the demand is there. But the private sector must buy to utilise this demand potential..."

It is noted that one major way for increasing participation is to take up the opportunity opened by the new scheme for joint ventures. Of course, there are some problems here: when there is public sector cooperation, surely, even if the project is not profitable, the government will pay back. But with the private sector, things are different. Hence, the best way is to organise some sort of triangle: Indian private sector,

the public sector and the Soviet partner.

There can also be cooperation by involving Soviet financial resources, or cooperation not for one or two years but, say, for the life time. "But we are more interested in a triangle. It is more commercially viable", source categorically said.

There can also be cooperation with third countries, sources say, adding, "There can be participation in turnkey projects, particularly in spheres where we don't have enough funds or equipment. Suppose we have everything but an exact machine in a third country project. This machine can be supplied by India. It can be crucial for us, even if the Indian participation may not be more than 10 or 15 per cent. It may help us take the project which we would lose otherwise...Secondly, there are countries where we can invite Indian companies to work with us, but there are also countries, such as the Philippines, Indonesia, Malaysia, Amman, Saudi Arabia, where we do not have any access, and where the Indian firms can invite us. This must be a two-way traffic..."

Thus, the Soviets feel that possibilities of developing cooperation with the private sector, particularly with the big business, are many — "because it is the big business which can take up huge and long term projects, and not the small scale sector unless the latter coordinates to op-

erate as a cartel for cooperation with the Soviet Union", to quote a Soviet source. However, they say, for this, two main obstacles need to be removed — one by the Soviet Union and the other by India.

To quote Dr Granovsky, "The Indian private sector on its part should shed its prejudice regarding Soviet technology. The very fact that the West is campaigning against Soviet technology shows that our technology has become competitive in the world market. This wasn't the case say 30 years ago, because at that time our technology was backward...Now Western companies themselves buy some 300-400 licenses and other technical information from us each year in the most modern spheres of electronics, steel, chemicals and aerospace."

But, he added, "Here the Indians must be selective. To say that the Soviet Union has everything latest would be as wrong as to say that we are backward technologically."

As far as the Soviet side is concerned, Dr Granovsky said: "We should try to work things more quickly. There is a certain impression, to give you an instance, that the Western Indian businessmen (of Bombay and Ahmedabad) are less interested in having production cooperation with us...This is wrong. The fault is ours: we don't have a trade office in the western part of India."

/9274

CSO: 4600/1739



## REPORTAGE ON DEVELOPMENTS RELATING TO BOFORS AFFAIR

## Incriminating Correspondence Published

Calcutta THE STATESMAN in English 9 May 87 pp 1, 7

[Text]

ON April 15, the Minister of State for Defence, Mr Arun Singh, read out a long statement to the Lok Sabha. In the course of his speech, he said: "On assuming office, the Prime Minister reiterated the existing instructions that the Department of Defence should not deal with any non-governmental agent of a foreign supplier in respect of any commercial negotiation. The Prime Minister also directed that foreign Governments and suppliers be told unequivocally about the decision. This policy directive has been enforced rigorously by the Department of Defence with satisfactory results."

On April 20, the Prime Minister told the Rajya Sabha that his Government had taken strict measures to ensure that defence purchases were made strictly on merit, without any "extraneous consideration" and had made it clear to suppliers that no agent would be involved.

Here are a few letters relating to only one firm that prove the contrary. The first is dated April 23, 1986, and is written by Wing Commander S. Swami of Air Headquarters to the A.S.T.E., Bangalore. A copy of the letter is marked to M/s Eureka Sales Corporation, New Delhi. The letter bears the reference No. AIR HQ/S 90063/1/3/ASR and relates to security clearance for British nationals of the Computer Devices Company, U.K., to visit the Bangalore station and the Air Force Station, Jodhpur.

The second letter is from the Directorate-General of Signals (Project Suraj), General Staff Branch, Army Headquarters, New

Delhi, and is addressed to Eureka Sales Corporation. The letter, dated May 16, 1986, bears the No. B/50613/Suraj and is signed by Lt-Col C. A. Govindraj.

The letter says: "The details of tests from serial 1 to 9 has not been received along with the letter dated April 23, 1986, from our principals at U.K. You are requested to forward the same at the earliest."

The third communication is a telex dated March 7, 1986, from Hindustan Aeronautics Limited, Bangalore, to British Aerospace,

the No. EQ/100 and relates to ESM system on mobile and elevated platform.

The letter begins: "Please refer to your letters 2159/ESC/9883 dated 17 Feb '86, and 2159/ESC/9886 dated 18 Feb '86. The equipment offered by you is of interest to this organization. However, following additional information is required . . ." This letter relates to equipment being supplied by Marconi of the U.K.

The fifth letter is from Naval Headquarters, New Delhi, and is signed by Commander N. K. Ver-

**SOON** after he became Prime Minister, Mr Rajiv Gandhi revived a 1980 policy directive eliminating agents and middlemen from defence purchases. This has repeatedly been confirmed by Mr Gandhi as well as the Minister of State for Defence, Mr Arun Singh. But the evidence suggests that middlemen flourish exactly as before. It would also seem that their wheedling and dealing ignores the consequences for our armed forces. As a senior officer put it, "Defence matters are covered up for the same reason that a sewer is; uncovering it would raise a terrible stink."

England, with a copy to Eureka Sales Corporation. Signed by Mr L. R. Budnur, Purchase Manager (Overhaul), the telex says: "R.I. our order 4000101 did 17 Jan, YR ACK did 4th Feb '86, our letter of credit LC/HAL/1114/32/74 did 18th Feb established for £3426.00. Request advance yr delivery and arrange despatch by March as item holding production. Telex details."

The fourth letter is from Captain P. C. Gulati, Director (Technical) of the Offshore Defence Advisory Group, and is addressed to Eureka Sales Corporation. The letter, dated March 8, 1986, bears

ma, Deputy Director, Naval Signals. The letter, dated September 12, 1985, bears the No. CM/3234, and is headed "Sensitive Information" and states that a reply should be addressed to the Chief of Naval Staff. The letter is addressed to Marconi Space and Defence Systems, U.K., through Eureka Sales Corporation, to Selenia, Italy, through Gravels, Cotton and Co., Ltd., New Delhi, and to Rascal Radar Defence Systems Ltd., U.K., through Peacock Products Company, New Delhi.

The sixth letter is from Lieutenant Commander Brijesh, Assistant Director, Naval Signals, and



Telephone : 259471 Ext. 686  
Reply should be addressed to  
the Flag Officer

Quoting letter No. E2/0106

M/s Eureka Sales Corporation  
48/1 Commercial Centre,  
Malcha Marg  
New Delhi - 110 021

Officer Defence Advisory Group,  
C/o. First Mail Office,  
Bombay.

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# ESM SYSTEMS ON MOBILE AND ELEVATED PLATFORM

Dear Sir,

Please refer to your letters 2159/ESC/9880 dated 17 Feb 86 and 2159/ESC/9896 dated 18 Feb 86. The equipment offered by you is of interest to this organisation. However, following additional information is required :-

- (a) The confirmation is required whether all the equipment being proposed is already in production and is not a developmental effort on the part of M/S Marconi.
  - (b) Has the multi ESM equipment system been sold to any customer for similar purpose and if so can a visit of Indian Officers be arranged to the installation.
  - (c) In case multi - ESM equipment system is being offered for the first time, will M/s Marconi be able to bring representative equipment to India for trials offshore without any commitment or payment from the Indian side.
  - (d) If answer to sub - para (c) is in the affirmative the outline technical specifications of all the equipment and overall performance standards be forwarded at an early date.
  - (e) Budgetary costs of the equipment with various options be forwarded in the first instance. The costs must be inclusive of the cost of 2 year carried spares, training of personnel, commitment regarding supply of spares for a period of 12 years, and firm willingness to undertake maintenance for a period of 3 years if contracted for. Consideration can also be given to awarding turnkey contract.
2. As regards Radar Warning Receiver being manufactured under licence at HAL Hyderabad, it is requested that technical and ordering details of the same be forwarded.
  3. It is felt that discussions with the technical team of M/s Marconi would be useful only after the points raised at paras 1 and 2 above have been clarified.

Yours faithfully,

P. C. S.

(FC Outlet)

Director (Tech)  
for Flag Officer

One of the many letters to an apparent middleman, regarding the purchase of defence equipment from abroad.

is addressed to Eureka Sales Corporation. The letter bears the number CM/3284 and is dated August 22, 1985, and is marked for the attention of Mr S Choudhary. The letter begins: "Please refer to the copy of telex regarding quotation for Hermes system and the telephone conversation with undersigned of 14 August 1985..."

The last letter is, perhaps, the most revealing and is written by Lt. Commander (retd.) D. K. Bahadur, Deputy Manager (Marketing) of Eureka Sales Corporation to Abeking and Rasmussen, West Germany. The letter is dated October 24, 1985, and bears the No. 2147/ESC/9123.

The letter says: "This is to

thank you for the courtesy and co-operation extended to me during my visit along with the Indian naval delegation to your shipyard in September 1985. It has been observed that the trials have gone off satisfactorily and that our principals, M/s MUSL (Marconi Underwater Systems Limited) would eventually provide two dummy mines for trials at your shipyard sometime in March/April 1986. During my visit, I did speak to you about representing you in India and you mentioned that you had no 'permanent arrangement' for the moment".

The letter also says: "May we assure you that should you decide to entrust the matter to us we will be able to fix your

meetings with the concerned authorities in the Navy, the Government or any particular party you would like to meet. We are quite certain that some of our own shipyards would be interested in your range of products. You may be interested to note that India has a very promising potential in the field of defence equipment and continuous expansion is an on-going process. This year, Budget allocation for defence is extremely large. Apart from representing quite a few American and British firms, we also represent Kae and C. Plath from West Germany."

That, then is the position about the "non-governmental agents of foreign suppliers." Eureka Sales Corporation is a private sector outfit run by Mr Rajiv Chaudhari and his brother, Mr Sudhir Chaudhari. The brothers are closely related to the former chairman of Hindustan Aeronautics Limited, Mr B. Jit Kapur. They are said to have connections at the very top and are said to represent more than 30 foreign companies in the defence sector.

Going a step further, INSIGHT found that Eureka Sales had been closely involved in the supply of electronic support measure systems to the Indian Navy in 1981 and are now negotiating for further supplies of the same equipment.

In 1983, the Navy negotiated for the purchase of 20 ESM systems for the Sea King 42B helicopters. Two parties were in the running for the order—Marconi Space and Defence Systems (now called Marconi Defence Systems) and Rascal Radar Defence Systems Ltd., both from the U.K.

Marconi was offering its Hermes equipment while Rascal offered two systems—the MIR 2 and the Kestrel. While the Hermes system was offered for £12 million each, the MIR 2 costs £200,000 and the Kestrel £730,000. It was argued on behalf of Rascal that the Hermes system was untried while MIR 2 was fitted on a total of 300 Sea King and Lynx helicopters of the Royal Navy. The Kestrel was described as a futuristic system which had been selected by the Royal Navy for the EH-101 aircraft, to be ready in the 1990s, and by the Danish Navy for its helicopters.

It was also pointed out that the Hermes system suffered from two drawbacks, besides being much more expensive. Being a super heterodyne system, the Hermes, it was said, could not handle frequency hopping radars and, secondly, had a low probability of intercept.

Curiously, in 1983, both Marconi and Rascal were presented by Eureka Sales and the Navy preferred the Marconi system.

Now, the Navy is evaluating ESM systems for the IL-38 long-range Recon aircraft. Once again, the choice is between Marconi and Racal which are offering the Hermes and Kestrel systems. But the Navy appears to have decided on the former system and, early this year, asked that the first of the systems manufactured for the Sea King—none of the helicopters have been delivered to the Navy so far—be provided for trials on the IL-38. These trials have been on since January in Goa and Cochin.

While the equipment is still to be cleared, the Navy is learnt to have paid a sum of about £700,000 to Marconi and another British

firm, Field Avionics, for modifying the airframe of the IL-38 to fit the Hermes system.

INSIGHT contacted Racal Radar Defence Systems Ltd., in London. A spokesman of the company, while refraining from commenting on specific aspects of the ESM deal, said the company had been represented by the Chaudhari brothers of Eureka Sales Corporation for supply of equipment for the Sea King to the Navy in 1983.

The spokesman said Eureka had attended meetings with Navy officers on behalf of Racal. He said Racal was not aware then that Eureka was also representing Marconi and learnt about this only after the deal had been signed.

## Move Against Gandhi Rejected

New Delhi PATRIOT in English 13 May 87 p 1

[Text]

Rajya Sabha chairman R Venkataraman on Tuesday rejected a privilege motion against Prime Minister Rajiv Gandhi for having misled the House in his 28 April statement on the Bofors deal on the ground that such a claim was not sustainable as Mr Gandhi had not deliberately misled the House.

In a lengthy 21-page ruling in response to the notice of breach of privilege given by Mr L K Advani (BJP) and others, Mr Venkataraman said the Prime Minister's statement was based on two things — an aide memoire received from the Swedish embassy and his conversation with former Swedish Prime Minister Olof Palme.

While the first part of the statement was faithful to the contents of the document sent by the Swedish embassy, its second part — "Prime Minister Olof Palme told me that there are no middlemen" — has not been contradicted by anyone with personal knowledge of these talks, said Mr Venkataraman. Therefore, the statement "is neither incorrect, nor deliberately made to mislead the House".

The notice for breach of privilege had been submitted to Mr Venkataraman by Mr Advani, Mr K Mohanan (CPI-M), Mr N E Balaram (CPI), Mr S P Malaviya (Lok Dal), Mr Chitta Basu (Forward Bloc), Mr Nagen Saikia (AGP), Mr J S Aurora

(Akali Dal), Mr P Upendra (TDP), Mr G Das Gupta (CPI) and Mr J P Goyal (BJP).

In their notice, the members had said that Mr Gandhi had told the House that a confirmation that there was no middlemen in the Bofors deal was secured by the Indian Government from its Swedish counterpart. But the Swedish Minister of Foreign Trade said at a news conference on 28 April that Mr Olof Palme had only conveyed the assurance from Bofors to Mr Gandhi and that there were no assurances on behalf of her Government.

To check out this apparent contradiction, he had referred the matter to Mr Gandhi, said Mr Venkataraman. In his reply, the Prime Minister informed the Chairman that 10 days before he made his statement, the Swedish embassy had sent an aide memoire which said that Bofors had assured the Swedish Government in 1985 that no middlemen existed in its Howitzer guns deal with India.

This assurance was given in response to a condition placed by the Indian Government. The condition had been conveyed to Mr Olof Palme by Mr Gandhi during their talks in the autumn of 1985. The Bofors' assurance was conveyed by Mr Palme to Mr Gandhi during a personal talk in January 1986.

This was the substance of the Swedish document sent to the Indian Government and Mr Gandhi while making his statement had not departed from it, Mr Venkataraman said. There was no contradiction between this and the recent statement of the Swedish Minister for Foreign Trade that Mr Palme had merely conveyed the assurance from Bofors, he pointed out.

The other part of Mr Gandhi's statement in Rajya Sabha emanated from his personal talks with Mr Palme in January 1986 of which the Swedish Minister for Foreign Trade could not have had a personal knowledge, said Mr Venkataraman. Therefore, her statement could not be taken as a contradiction of Mr Gandhi's statement.

The chairman also pointed out that when Mr Gandhi spoke of receiving confirmation from the Swedish Government about "a week or 10 days ago" that there were no middlemen in the deal, he was alluding to the aide memoire received from the Swedish embassy 10 days ago. So the Swedish minister's statement, "We have not reconfirmed it last week" cannot be taken as a contradiction of the Prime Minister's statement.

## Swedish Radio Allegation Denied

Madras THE HINDU in English 14 May 87 p 1

[Text]

NEW DELHI, May 13.

Official sources today denied an allegation by the Swedish Radio that the Indian Government's contract with 'Bofors' for supply of 155 mm howitzers contained any provision for three per cent commission to agents or middlemen worth 250 million kronors.

Describing the allegation of the Swedish Radio as "false, baseless and mischievous," official sources said "it is in line with their earlier, vague and mutually contradictory

allegations."

The Indian Ambassador in Stockholm, Mr. B. Oza, has asked the Radio to give evidence or documentation in support of their latest allegation.

Speaking on behalf of the Swedish Radio, Mr. Magnus Okerlund refused to give any further evidence or documentation.

Mr. Okerlund refused to clarify the inconsistency between the latest allegation about the commission to the agent or the earlier allegation by the Swedish Radio about payment of bribe.

### Text of Allegation

Madras THE HINDU in English 14 May 87 p 1

[Article by Chitra Subramaniam]

[Text]

GENEVA, May 13.

Coming up with fresh detail on the controversy surrounding the role of middlemen in what has come to be known as *l'affaire Bofors*, the Swedish National Radio said today that "the final Bofors contract which was signed by all parties concerned states that three per cent of the total sum of the contract will be paid as commission". Conveying this to THE HINDU, sources in the Radio said, "in the final document itself, the role of middlemen is stated in black and white".

When asked to whom the money was paid, the Radio said it was not in a position to reveal any more. "But a major part of this commission was paid into the Swiss bank account of a company in Switzerland in May last year—the name of this company has a reference to Sweden", the Radio sources said.

Earlier, the Radio had said that 30 million Swedish Kronor had been paid as kickbacks. "Now we are saying that the sum (mentioned as payable in the contract) is much, much larger—three per cent of the total sum of the contract (the contract was for 8.5 billion Swedish Kronor) is 250 million Swedish Kronor", sources told THE HINDU.

Astonishing: This, the Radio said, raises some questions about the insistence by the Indian Government that no "middlemen" were

involved in the deal. Bofors too has maintained all along that, following a special demand by the Government of India, the company had not used any middlemen for this contract. Commenting on this, the Radio told THE HINDU: "Arms deals of this kind are scrutinised very thoroughly and we find it astonishing if the parties concerned had not noted the reference to the commission."

Breach of contract?: The news section of the Swedish National Radio Company, which came up with a major allegation in mid-April, has steadfastly maintained that middlemen had been involved in securing what is one of Sweden's biggest arms contracts, and to that extent, there has been a breach of contract. The Swedish Government, which stayed out of the issue, suggesting that this was a matter between the Government of India and Bofors, finally called for an official inquiry. The investigators have been instructed to report to the Governments of India and Sweden before the end of May.

The Radio told THE HINDU that the Swedish Government had access to all the information that the Radio had obtained. When asked if the Radio had any information about "who knew what in India", the sources said, "We cannot prove anything, but since everything is so clear in the contract, it must have been pretty obvious to everyone."

/9274

CSO; 4600/1743



## GANDHI BOAT CLUB SPEECH CALLED COHERENT ANALYSIS

New Delhi PATRIOT in English 17 May 87 p 1

[Editorial by R. K. Mishra]

[Text]

Prime Minister Rajiv Gandhi has decided to take on frontally the forces of destabilisation and balkanisation. His speech at the Boat Club on Saturday amounts to declaration of a political war in defence of democracy, national integrity and freedom. He has pledged to thwart the sinister designs to organise a constitutional coup against a Government which came into power with the biggest ever popular mandate.

Though he did not name the President, Mr Gandhi's observations are a forthright indictment of Giani Zail Singh. Evidently, the Prime Minister came to the conclusion that his efforts to defuse the tension between him and the President had no chance of succeeding. All pointers indicated that Giani Zail Singh was moving under the pernicious influence of certain vested interests. They were bent upon exploiting his personal pique and anger to push him on a dangerous collision course. It is a tragedy that the President, whose term is coming to a close, allowed himself to be used in an unseemly confrontation with the Prime Minister even if it meant destruction of India's constitutional fabric. Faced with this threat of a constitutional coup, the Prime Minister decided it was time to take the people into confidence. He spoke without mincing words. There is no doubt that in his perception the threat facing the country's democratic polity was so grave and imminent that silence or equivocation would have been disastrous.

The Prime Minister has, for the first time, presented before the country a coherent political analysis of the dangers looming large on the horizon. That India is under siege, that imperialism's pincer movement consists of external military pressure and internal subversion, that the secessionist menace has yet to be eliminated and that quislings are being employed to undermine freedom. All these facets of the present situation were underlined candidly and forcefully.

The battle has been joined; but is yet to be won decisively. Imperialism is not likely to take lying down the demonstration of courage and defiance by the Prime Minister. Its collaborators within the country will not give up their game easily. The disinformation campaign is likely to be stepped up. Pressures on India will certainly be intensified.

Every sensible Indian hoped that in this hour of crisis everyone in position of influence and authority will act responsibly. Unfortunately, this has not happened. In fact, the situation continued to deteriorate. Contents of the President's letter to the Prime Minister were leaked in a section of the Press. It appears that selfish adventurers may yet try to aggravate the situation and desperate individuals act recklessly.

The democratic forces face an acid test. Nefarious designs against parliamentary democracy can be thwarted only if they rise to the occasion and act unitedly. All progressive elements should join hands to defeat the imperialist conspiracy. Patriotic masses must exercise vigilance to safeguard independence. This is the time for the fullest national mobilisation. That and that alone is likely to deter anti-democratic adventurers.



We still hope that those whom this country has bestowed the highest honour will act with circumspection and refrain from acting in a manner which would do incalculable damage to the country. If they allow passion and prejudices, bitterness and frustrations to colour their vision and act against the democratic fabric of the country, the people would never forgive them.

The Congress party faces the greatest challenge in its over hundred-year-old history. Congressmen and women, if they are true to their legacy, should be able to submerge differences and dissensions, because there would be no Congress if there is no democracy. Anti-imperialist parties, particularly the Communists, have, no doubt, many reservations and criticism about the manner in which the Government and the Prime Minister have handled several issues. On these questions they have the right and the duty to fight. However they must continue to delink their fight on ideological and policy issues from imperialism's diabolical game. For the moment the highest priority must be given to the defence of democracy, national integrity and independence. On this, we cannot permit our vision to be blurred, commitment diluted or actions falter.

/9274

CSO: 4600/1748

## WRITER EXPLAINS CONSTITUTIONAL POSITION OF SINGH

Bombay THE TIMES OF INDIA in English 3, 4, May 87

[Two part article by R. H. Akhani]

[3 May 87 pp 1, 9]

[Text]

FROM the recent developments in the country, it is evident that the government is now left with no alternative but to call upon the President, Mr Zail Singh, to resign.

On the face of it, this proposition may sound preposterous, but if the provisions of the Constitution are properly read, it is not. If the President does not resign, he should be impeached for violation of the Constitution.

Before taking up the issue at hand, it may be stated that Mr. Madhus Limaye's apprehension that the President can have new advisers under Article 75(2) of the Constitution is ill-founded. Mr Limaye is an experienced parliamentarian, but so far as has happened in these columns, nobody has tried to collate the different articles of the Constitution by reading the Constitution as a whole. It is submitted that the Constitution is to be read as a whole and not the individual articles in isolation.

The suggestion to the government to call upon the President to resign is warranted in view of Mr Girilal Jain's three articles — 'President's Obligations — Constitution and convention', 'Handling Fairfax Affair' and 'Dangerous Ploy to President — Subverting Indian Democracy' in 'The Times of India' of April 2, April 11 and April 16.

A combined reading of Mr Jain's two articles — 'President's Obligations' of April 2 and 'Handling of Fairfax Affair' of April 11, makes it obvious that the present unenviable position the government finds itself in is a cumulative

effect of the handling of the national affairs by an inept and bungling Prime Minister. It is, however, not the only factor that has led to the present crisis. A series of coincidences and fortuitous circumstances have exposed the government to a threat which can imperil its existence and in the process dismantle the entire edifice of the constitutional framework.

Coincidences, if any, are too many to be discarded as such and that is why the apprehensions or the note of caution voiced by Mr Jain in his aforesaid articles need to be taken seriously.

In the present clouded atmosphere in relation to the powers of the President vis-a-vis the council of ministers, the precedent of Dr Rajendra Prasad, the then President of India, has often been cited. But the fact cannot be ignored that behind that controversy lay a genuine and bona fide belief on the part of the then President that the President under the Indian constitution was not bound to accept the advice tendered to him by his ministers in totality. He did not pursue the controversy further when it was pointed out to him by the attorney-general of India, Mr Motilal Setalvad, and an eminent lawyer, Mr Alladi Krishnaswamy Iyer, who played an important part in the framing of our Constitution, that the President was bound by the advice of the council of ministers.

The position now is very different. It is in this background that the provisions of the constitution contained in part V have to be looked into comprehensively. Article 53 vests the

executive power of the Union in the President, to be exercised by him in accordance with the Constitution. Article 56 provides for the term of the office of the President which (a) he may resign by writing under his hand addressed to the vice-president (b) may, for violation of the Constitution, be removed from the office by impeachment in the manner provided in Article 61, and (c) with which we are not concerned.

Article 59 prescribes the conditions of the President's office and says that he shall be entitled to such emoluments and allowances and privileges as may be determined by Parliament by law. The notable omission in this article for the conditions of President's office is of the word "power".

The next provision, which may be looked into, is Article 65 which provides for occurrence of any vacancy in the office of the President by reason of his death, resignation or removal, or otherwise .... Article 65(2) provides that when the President is unable to discharge his functions owing to absence, illness or any other cause .... The words used in this article "or otherwise" and "or any other cause" are important.

Article 61 provides for the procedure of the impeachment of the President. However, this article is silent that whether, during the process of the impeachment, the President can continue to exercise the functions under the Constitution.

Since the process for the impeachment would be quite long drawn, there has to be a provision in the constitution which provides for the exercise of

the functions of the President during such procedure. As this is specifically not provided, the only article that has to be looked into is Article 70 which reads as under:

"70. Discharge of President's function in other contingencies.

Parliament may make such provisions as it thinks fit for the discharge of the functions of the President in any contingency not provided for in this chapter."

The contingency not provided for in this chapter is believed to be as quoted above.

For reading our Constitution, there is no necessity to refer to Dicey, Keith and Sir Ivor Jennings. The reason for this is that ours is a written Constitution and we need not look to the hypothetical opinions of jurists, mainly based on the unwritten Constitution of Britain.

Apart from that, there is sufficient judicial gloss on the powers of the President under the Indian Constitution, in some of the judgments of our supreme court as well as high courts. Moreover, our Constitution provides reasonably precise general guidance and it would be thus misleading to entirely rely upon the opinion of others who have based their opinions on

conjectures under contemplated contingencies.

A reference may be made to Article 74 which provides for a council of ministers to aid and advise the President who shall, in the exercise of his functions, act in accordance with such advice. The word here used is "shall" and, therefore, this provision is mandatory.

Since the Constitution nowhere provides that the advice to the President to resign is excluded, such advice can also be given by the council of ministers, if it is of the opinion and is satisfied that the President is not acting. In accordance with the provisions of the Constitution and indulging in politics detrimental to the country's interest. This view is within the realm of the interpretation of the Constitution.

It is further suggested that if the President does not tender his resignation, the incumbent of Rashtrapati Bhavan could be made *functus-officio* and it is again in such a contingency (Article 70) that Parliament may make such provisions as it thinks fit for the discharge of the functions of the President in any contingency not provided in this chapter (part V) comes into play.

At this stage, it is necessary to look again into the provisions of Article 56(1)(A). It is as under:

"The President may, by writing under his hand addressed to the vice-president, resign his office."

The bare reading of this provision contemplates resignation by the President in two circumstances (1) *suo moto*; and (2) on the advice of the council of ministers under Article 74 since the President has no option but to act on the advice of the council of ministers after the council of ministers have reconsidered their advice.

This argument is further fortified by the fact that the procedure for impeachment provided for in the Constitution is too harsh a measure to be adopted. In the opinion of this writer, before resort is had to this provision of impeachment, it is the bounden duty of the council of ministers to call upon him to resign his office and if he does not do so, then only it may become necessary to impeach him.

Furthermore, the impeachment is only possible for violation of the Constitution. Not acting as per the advice tendered by the council of ministers would be violation of the Constitution.

[4 May 87 pp 1, 9]

[Text]

**U**NDER Article 361, the President, or the governor or rajpramukh of the state shall not be answerable to any court in the exercise and performance of the powers and duties of his office or for any act done or purporting to be done by him in the exercise and performance of those powers and one of the duties of the President is to act in accordance with the advice of the council of ministers.

Once the council of ministers has given the advice to the President to resign, it can never be a subject matter of challenge before any court of law. Apart from Article 361(1), reproduced in the earlier part of this article, the first proviso to that article is very interesting and is reproduced hereunder.

"Provided that the conduct of the President may be brought under review by any court, tribunal or body appointed or designated by either house of Parliament for the investigation of a charge under Article 61."

The first proviso of this article itself assumes a great deal of importance. This proviso is not to be read only in

conjunction with Article 361(1)(A), but also with Articles 61, 70 and 74.

From a reading of these articles, it is patently clear that only the council of ministers can advise the President to resign; that if he does not resign, it can move a motion for his impeachment, and for that purpose bring the conduct of the President for a review by any court, tribunal or body appointed or designated by either house of Parliament for investigation of charges under Article 61.

Naturally, therefore, the government in power, also having a majority in the Lok Sabha, can not only move a motion but appoint any court, tribunal or body to investigate the charges under Article 61 which may be brought forward by the ruling party in the Lok Sabha.

Everybody has been examining the Constitution from the angle of what powers the President has under it but not from the angle of what powers the cabinet has to remove a President. If this is done, there is no escaping the conclusion that a cabinet is armed with enough powers to call upon the President to resign, and if he does not resign,

then bring a charge against him under Article 61 for impeachment and hand over the conduct of the President on which the charge is based for a review to any court or tribunal or a body appointed for the purpose.

It may be argued that a proviso to an article of the Constitution, or even, for that matter, a proviso to a section of the enactment is not of such significance as to assume an independent character as argued here. The importance of a proviso has been considered by the supreme court in *Hiralal Ratanlal vs State of Uttar Pradesh* in (1973) 1-SSC 216 — 1973 SSC (Tax) 307, wherein the supreme court has stated as under:

"But cases have arisen in which this court has held that despite the fact that a provision is called proviso, it is really a separate provision and the so-called proviso has substantially altered the main section."

The judgment of the supreme court in *Samsher Singh vs Punjab* — AIR 1974 SC 2192 — (1974) 2 SCC 831 is important for this discussion. Two judgments were delivered in this case — one by Chief Justice Ray for himself

and four other judges and a concurring judgment by Justice Krishna Iyer for himself and Justice Bhagwati.

The following passage from the aforesaid judgment is notable: "For the foregoing reasons we hold that the President or the governor acts on the aid and advice of the council of ministers... in all matters which vest in the executive whether those functions are legislative or executive in character. Neither the President, nor the governor has to exercise the executive function personally."

It is a very broad proposition of law and, therefore, it cannot empower the President to act under Article 75(2) as feared by Mr Madhu Limaye in his letter to 'The Times of India'. As stated earlier, Mr Madhu Limaye has read Article 75(2) in isolation.

#### A DICHOTOMY

If Article 73(3) says the council of ministers shall be collectively responsible to the house of the people and Article 75(6) says the salaries and allowances of ministers shall be such as parliament may from time to time by law, determine... it is submitted that if the President has the power under Article 75(2), as assumed by Mr Madhu Limaye, then this article itself creates preposterous dichotomy in as much as the ministers shall hold office during the pleasure of the President, but be responsible to Parliament and paid as decided by Parliament.

If this dichotomy is to be construed in an absurd manner so as to give wide powers to the President over the council of ministers which is responsible for

its all acts and actions to an entirely different body, such interpretation is not permissible.

Another instance on the limitations of the power of the President, which may be pointed out, is contained in Article 103 of the Constitution which provides that the question of disqualification of a member of Parliament shall be referred to the decision of the President and his decision shall be final. This is the only provision wherein the decision of the president is supposed to be final.

However, Article 103(2) provides "that before giving any decision on any such question, the President shall obtain the opinion of the election commission and shall act according to such opinion. So when even the question of disqualification of a member of Parliament is not left by the Constitution to the discretion of the President, can it be imagined that the President has powers to dismiss a ministry under Article 75(2)?"

It may also be made clear that nowhere does the Constitution vest any discretion in the President in exercise of his functions, whereas the governor of a state has been provided with powers to act according to his discretion under certain provisions of the Constitution. In view of what has been submitted above, the harmonious reading of this mandatory character of Article 75(1) along with Article 75(2) and Article 75(3) is that the President cannot exercise executive powers without the aid and advice of the

council of ministers with the Prime Minister as the head.

Supposing it is assumed for the argument's sake that the President dismisses the council of ministers enjoying a majority in Parliament and the majority party again re-elects the same person to head the council of ministers as Prime Minister, then what is the position of the President?

The second position which has to be contemplated is that if on dismissing the council of ministers, the President dissolves the house and does not call for the elections as provided for in the Constitution, what would be the legal position?

In such a contingency, he will become a virtual dictator overnight. Therefore, it is wholly legitimate to say that the President cannot dismiss the ministry at his pleasure.

Finally, the speech of Dr B. R. Ambedkar, made on November 4, 1948, when he introduced the draft Constitution in the constituent assembly may be quoted. He said:

"Under the Presidential system in America, the President is the chief head of the executive. The administration is vested in him. Under the draft constitution, the President occupies the same position as the king under the English Constitution. He is the head of the state, but not of the executive. He represents the nation, but does not rule the nation. He is the symbol of the nation. His place in the administration is that of a ceremonial device on a seal by which the nation's decisions are made known..."

/9274

CSO: 4600/1738

## PAPER REPORTS MEETING OF NON-CONGRESS-I PARTY LEADERS

14 May Deliberations

Madras THE HINDU in English 15 May 87 p 1

[Text]

NEW DELHI, May 14.

Leaders of "like-minded" non-Congress (I) parties at a meeting here today set up a committee to contact all those who are concerned with the presidential election and evolve a consensus on the issue. It comprises the Andhra Pradesh Chief Minister and Telugu Desam President, Mr. N. T. Rama Rao, the CPI (M) General Secretary, Mr. E. M. S. Nambuthiripad, and the Janata Party chief, Mr. Chandra Shekhar. As and when necessary, it would coopt more members.

The presidential poll was high on the agenda of the meeting, which was convened by Mr. Rama Rao in the light of the discussions at the non-Congress (I) Chief Ministers' conference here on April 25. Resolutions protesting against the imposition of President's rule in Punjab and appealing to the people of Haryana to reject the Congress (I) in the Assembly elections were adopted.

**'Irreparable damage'**

In another resolution adopted today—the deliberations will be resumed tomorrow—the meeting condemned "the undemocratic and unconstitutional expulsion" of 10 DMK MLAs from the Tamil Nadu Assembly. "This deprivation of the rights of the elected representatives by peremptory action has caused irreparable damage and harm to the cause of institutional democracy in the country," it added.

Two of the 13 invited parties—the CPI and Asom Gana Parishad—stayed away from today's meeting. The CPI did not give any reason initially, while the AGP failed to show up after accepting the invitation. Mr. H. N. Bahuguna, who heads a faction of the Lok Dal, also kept himself away but two of his colleagues—Mr. Devi Lal and Mr. Karpoori Thakur—participated in the deliberations for his party.

The resolution on the presidential election stressed the importance of keeping the high office of the President above partisan politics and spoke of the need for "a genuine attempt to evolve a consensus on a candidate with such undoubted public stature as to command the confidence of the entire nation."

However, the resolution said "we have

strong reasons to believe that the Congress (I), even while glibly talking of the need for a consensus, is only interested in pushing its own candidate." Hence the meeting constituted the three-member committee to evolve "a common approach regarding the choice of candidate for the office of President."

**Not enthusiastic**

Discussion on the modalities for "better co-ordination among like-minded political parties", which was one of the agenda items, was put off until tomorrow. It is now evident that whatever arrangement for closer interaction among the like-minded non-Congress (I) parties is arrived at, it would fall far short of Mr. Rama Rao's concept of a confederation. Quite a few parties are not very enthusiastic about the confederation proposal.

The issue of corruption and violation of the Foreign Exchange Regulation Act would also be taken up tomorrow, Mr. Rama Rao told newsmen. The other issue to be dealt with tomorrow is the genocide of Tamils in Sri Lanka. The main objective of the meeting, Mr. Rama Rao said in his opening remarks at the news conference, was to "express our feelings against the undermining of democracy."

Mr. Nambuthiripad, who also responded to questions, repudiated the suggestion that the CPI (M) had diluted its stand on the question of a national alternative. There was no change in its view that the election results reflected the possibility of forming a left democratic alternative. There was also no contradiction between what the West Bengal Chief Minister, Mr. Jyoti Basu, said after the Assembly elections, what the CPI (M) Central Committee said in a communique after its last meeting and what he was doing at this meeting, Mr. Nambuthiripad said. "There is no dilution but concretisation", he added.

**'Undemocratic act'**

In the resolution on the dismissal of the Baramulla Ministry in Punjab, the meeting said: "It is crystal clear that the latest undemocratic act of the Union Government in Punjab is an attempt to sow discord between the people of Punjab and Haryana, and is for narrow electoral gains in Haryana".



It was on the initiative of some of the non-Congress (I) parties that the Prime Minister agreed to a joint political offensive against fundamentalist and secessionist groups in Punjab, and only on April 14 a massive rally was held at Amritsar where a senior member of the Union Cabinet gave full-throated support to the Bameela Government. In less than a month the Centre made a *volte face*, it added.

The resolution also pointed out that the Opposition parties in their earlier meetings in Srinagar and Calcutta had expressed their "clear and uncompromising opposition to the frequent misuse of Article 356 of the Constitution".

In the appeal to the Haryana people, the meeting expressed its hope that "all parties will rise to the occasion and cooperate with one another to defeat the Congress (I). We have no doubt that such a unity would enable the people to register a great and significant victory in Haryana."

Apart from Mr. Nambuthiripad, the CPI (M) was represented at the meeting by Mr. M. Basavapunniah while Messrs N. Chandra Babu Naidu, P. Uppendra and C. Madhav Reddy were

the other participants on behalf of the Telugu Desam. Messrs Chandra Shekhar, S. Jaipal Reddy and Yashwant Sinha represented the Janata Party.

Among the others who attended were Messrs S. C. Sinha, K. P. Unnikrishnan and V. Kishore Chandra Deo (Cong-S), S. J. Sadiq Pasha (DMK), Chitta Basu (Forward Bloc), Tri-dib Chaudhuri (RSP), Ajit Singh, Subramaniam Swamy and S. P. Malaviya (Lok Dal-A), Manjit Singh Khara and B. S. Ramoowalia (Shiromani Akali Dal) and Mr. D. B. Patil (PWP).

## Opposed to confederation

UNI, P. report:

The CPI Central Secretariat said in a statement later that the party had expressed firm opposition to the idea of a confederation or forum or a permanent committee of political parties. It had indicated that it would participate if the deliberations were confined to the presidential elections. The party General Secretary, Mr. C. Rajeswara Rao contacted Mr. Rama Rao on telephone later but failed to get any response on the issue.

## Confederation Not Planned

Madras THE HINDU in English 16 May 87 p 1

[Text]

NEW DELHI, May 15.

Leaders of 11 non-Congress(I) parties exuded optimism today that their two-day deliberations would help bring them closer and pave the way for concerted action on common issues. But none of them had any illusion that the meeting, convened by the Andhra Pradesh Chief Minister and Telugu Desam President, Mr. N. T. Rama Rao, would usher in an instant confederation of "like-minded" parties.

Many of them felt the meeting was a positive achievement. As evidence of their earnestness, the 11 parties have given call for mass campaigns to support their demand for a comprehensive parliamentary probe into all the recent defence deals. The meeting devoted considerable attention to the allegations of kickbacks in arms deals, and in a resolution criticised the Government's reluctance to share information with Parliament and even the President.

Apart from the decision on mass campaigns on the issue of corruption at high places, the other major achievement of the meeting was the formation yesterday of a three-member committee to explore the possibility of a consensus on the presidential election. The members—Mr. Rama Rao, the CPI(M) General Secretary, Mr. E. M. S. Nambuthiripad, and the Janata Party chief, Mr. Chandra Shekhar—held a preliminary round of discussions this evening. They would contact the leaders of other parties shortly.

It was stated that in their effort to reach a consensus on the choice of a candidate for the presidential election, the three-man group would contact all parties, including those which had not been invited to the current meeting and those, though invited, had not come.

## No confederation now

The question of forming an umbrella-type confederation—a concept assiduously promoted by Mr. Rama Rao—took the back seat as virtually none of the 11 parties was prepared for it. The differences in the ideologies and priorities of various parties are far too wide to enable the formation of such a confederation.

Mr. Rama Rao and Mr. Chandra Shekhar told a news conference that the 11 parties would examine the mechanics of closer, mutual co-ordination, and the issue would be considered again at the next meeting of like-minded parties. No date or place has, however, been fixed for the same. Mr. Chandra Shekhar said it would necessarily take time to devise a mechanism that would be durable and acceptable to all concerned.

## Sri Lankan issue

The meeting also took up the issue of Sri Lankan Tamils, and in a resolution called for "an immediate end to the killing of ethnic Tamil minorities." It demanded "urgent and effective steps by the Government of India to prevail upon the Sri Lanka Government to end the senseless violence against a section of its own

population, their lives, property, culture and heritage."

The recent events in Sri Lanka, the resolution said, "have raised basic questions even on the utility of the ongoing dialogue because of the intransigence and callous insensitivity displayed by President Jayewardene and his Government. India cannot sit still when a genocide takes place in Sri Lanka."

### **'Specious plea'**

The resolution on corruption said the evil had "assumed new dimensions with the recent exposure of scandals regarding Swiss bank accounts and huge kickbacks." On the "specious plea of defence secrecy," discussion in Parliament had been stifled and even the President was being "blatantly denied" information.

"The stubborn refusal of the Prime Minister to accept the demand for a parliamentary probe into defence deals and to widen the terms of reference of the judicial inquiry into the Fairfax affair tend to confirm the worst suspicions of the people about the involvement of persons in high places. We cannot remain passive in the face of the Central Government's wilful moral insensitivity and the threat posed to democratic institutions in the country," the resolution said.

Even though the Haryana Assembly elections were uppermost in the minds of many participants in the Opposition conclave, it did not discuss the poll strategy.

/9274

CSO: 4600/1741

## PAPERS REPORT JANATA NATIONAL COUNCIL MEETING

## Shekhar Opens Session

Madras THE HINDU in English 30 Apr 87 p 4

[Text]

BANGALORE, April 29.

The Janata Party president, Mr. Chandra Shekhar, told the three-day session of his party's national council, which began here today, that the election to the Haryana State Assembly and of the new President of the Republic were going to be new challenges to "our united response". He gave a call for better consolidation of the Opposition parties on the basis of a common national programme.

In his presidential address to the national council Mr. Chandra Shekhar said there was no doubt that the Opposition parties had done increasingly better in the last few months. Their earnestness, he claimed, had reduced the capacity of the Congress(I) to use the Opposition parties against each other.

He said the nationwide bandh against price rise, the fight for the right to work, the consensus against the new education policy, the joint activity on the issues of farmers and workers, communal harmony, the resistance to the assaults on the Press, the coordination on the floor of the Houses of the Parliament and the coming together on the issues of corruption in defence purchases were some of the highlights of the performance of the Opposition parties. The conference of non-Congress(I) Chief Ministers to discuss the key problems of national interest was another significant event.

Mr. Chandra Shekhar said "I am certain that we shall face up to the designs of the Congress(I) to split each one of the major Opposition parties as well as our joint fronts."

**Shared commitment:** He said though there were many healthy trends in the political sphere so far as the Opposition parties were concerned, the people demanded a qualitatively different kind of unity among the Opposition parties. He said unless there was a shared commitment to an agenda for action, the United Fronts and forums were always susceptible to power games, faction fights, personality clashes and non-performance. Whether it was for the limited purpose of sharing of seats and evading the split of Opposition vote or the larger aim of running the Central Government, the Opposition parties must try to honour the demands of the people for the unity of Opposition parties on the basis of an agreed agenda of action for the next decade and beyond. "Our party calls upon each of the other fraternal, de-

mocratic and progressive parties in India to join us in realising the vision of Gandhiji and Lokanayak Jaya Prakash Narayan," he said.

The Bangalore session of the national council, preceded by a two-day session of the national executive which ended today, marks the 10th anniversary of the Janata Party.

**Sense of insecurity:** In a review of the national scene under the Congress(I) rule, Mr. Chandra Shekhar said the 10th anniversary of the Janata Party's foundation was an occasion for introspection and rededication. The occasion assumed historic significance due to the increasing sense of insecurity among the people, the recent exposures of prevailing corruption at the highest levels in the ruling party, infighting for power in the ruling elite and the obvious failure of the party in fulfilling the promises and claims to provide a clean, progressive and good Government.

The formation of the Janata Party was an act of courage and conviction to save the democratic rights of the Indian people. Its emergence with the support and cooperation of the people in 1977 had led to the expectation that it would provide an instrument to the nation not only to fight the tyranny of the emergency rule but also to promote the politics of people's power. He claimed that it was no ordinary accomplishment of the party's rank and file that the party was again in the forefront of the people's action for building an alternative and removing the anti-democratic forces from the seats of power.

Characterising the present times as one of marked drift, he said the last few years had seen a number of revisions in the nationally accepted policies. Adoption of a variety of economic and social policies which, he said, was wholly misplaced and would strengthen the vested interests to exploit the helpless millions and deprive the masses of their due place and share in society.

**Dig at the claim:** In a dig at the claim that the policies of the Central Government would take the nation towards the 21st century, Mr. Chandra Shekhar remarked 21st century will come. "It is a matter of time... the real issue is what will be the image of India in the 21st century. Will it be possible to rekindle the ray of hope among the people who are suffering the worst type of privation, poverty, squalor, disease, illiteracy, misery and continuing fear of insecurity? The slogan of socialism for mere political convenience and manipulation could no more

throw dust in the eyes of the suffering masses," he asserted.

**Small clique:** Mr. Chandra Shekhar said it was a matter of great concern that the policy making bodies of the nation were getting under the control of a small clique of such people whose hearts and minds had very little in common with the masses of India. The present day regime had become a regime of debt deficit, dependence and destabilisation. It had hampered the process of economic self-reliance by ignoring the rapid and escalating outflow of national resources to strengthen foreign interests, while a good number of multinationals had been invited to produce goods which could only be described as items of conspicuous consumption.

Equally disturbing was the well calculated attack on the public sector. There was a growing impression that the party in power at the Centre had even compromised on the defence system through questionable deals. A new kind of helplessness had been thrust upon the country due to the failures on the foreign policy front. Tensions had flared up owing to the drift in the national priorities.

Mr. Chandra Shekhar paid tributes to his party's Government in Karnataka for ushering in the panchayatraj system and said that a co-ordination between the people's power and State authority should be the real setting for a State structure in the task of national development. 'I am sure that the nation has already seen a glimpse of our vision in the experiments of our party's Government in Karnataka, regarding the evolution of a participatory State apparatus by devolution of constitutional powers to the village level. I hope that the non-Congress(I) Governments will soon make their own contribution in their respective States to facilitate a national alternative to the present form of State apparatus'.

Referring to 'distortions' in the political economy, Mr. Chandra Shekhar said that plan-

ning itself had been reduced to an act of patronage.

## Sink differences: Hegde

The Karnataka Chief Minister, Mr. Ramakrishna Hegde today called upon the leaders of all other political parties in the country to subordinate self-interest, forget their prejudices and predilections with the sole objective of removing the present Government and provide a viable, durable and credible alternative.

He said today people were ready for an alternative and the political parties could not just sell an alliance because the people had mature minds as they had demonstrated in the manner of voting in the Assembly and Lok Sabha elections.

It was therefore for all of them to provide such an alternative as was acceptable to the people. If people had voted in 1980 and 1984 in favour of Congress (I), it was not because they had approved its performance but because there was no choice and they did not want instability at the Centre, Mr. Hegde said at the open session of the national council of the Janata Party.

Referring to recent criticism of Mr. Jyoti Basu by the Prime Minister, Mr. Hegde said it was an irony because only a political illiterate could speak such a thing. It was alright to be born the son of a Prime Minister but if he assumed that he had inherited all the qualities of his mother and grandfather and great grandfather, he was sadly mistaken.

Earlier, Mr. Hegde who spoke in Hindi said it was a pity that even after 40 years of independence we had not been able to adopt one language which could be understood by all people. He had no doubt that Hindi was the only language which could take that place for the simple reason that it was understood and spoken by the largest section of the people in the country.—Our Staff Reporter

## 'State of Nation' Resolution

Madras THE HINDU in English 30 Apr 87 p 4

[Text]

BANGALORE, April 29.

The national executive of the Janata Party said that the Prime Minister, Mr. Rajiv Gandhi, had lost the moral claim to remain in office and that his continuance in power was a threat to the unity and integrity of the country.

This is contained in the executive's resolution on the subject of "state of the nation". The scandals rocking the Union Government figure prominently in the discussions and the party stopped short of demanding Mr. Gandhi's resignation. Although a large section of the national executive felt that he should resign, the party general secretary, Mr. Yeshwant Sinha, who briefed the press, said some members cautioned the executive on the demand stating

that more revelations regarding defence deals would be forthcoming. It was felt that to strengthen any demand for Mr. Gandhi's resignation, matching action had to be taken by the party.

**Protest week:** It was in this context, the party decided to observe a protest week all over the country from May 18. It was the responsibility of the party to awaken the people to the impending danger to the unity and integrity of the country. It decided to work for the consolidation of all progressive and democratic forces to end the present corrupt regime and restore a sense of security in the country. It hoped that the initiative taken by the non-Congress(I) Chief Ministers in the direction of consolidation would lead to the emergence of a national alternative.



On the Bofors deal the Janata leaders said that things were becoming curiously and curiously. The national executive said that circumstantial evidence pointed to corruption in high places.

Mr. Sinha said for the first time "the shots are being called from outside the country and foreigners made partners in our misdeeds." He agreed with a questioner that Mr. Rajiv Gandhi might make desperate moves though promulgation of emergency had been made difficult. He

also said that the President should not act in an unconstitutional manner. However he was free to act if he came across incontrovertible evidence of personal corruption on the part of the Prime Minister. If the Prime Minister really had a conscience, he had to take steps like asking the Swiss Government to furnish details of the bank accounts of Indians in that country. He could ask the Swedish Radio to come out with the information it had.—Our Staff Reporter

## 30 April Discussions

Madras THE HINDU in English 1 May 87 p 4

[Text]

BANGALORE, April 30.

A serious charge that the Prime Minister, Mr. Rajiv Gandhi, "was collecting funds" in every import and export deal and that the elections were fought by the Congress (I) with foreign funds" was made by Mr. M. S. Gurupadaswamy, a senior leader of the Janata Party, at the party's national council meeting here today.

Mr. Gurupadaswamy, who was participating in the discussion on the statement, "State of the nation," alleged that there was a sell-off of the country in every field.

Earlier, introducing the statement for discussion, Prof. Madhu Dandavate said the scenario in the country today was reminiscent of the pre-emergency days but felt that because of the amendment of the Constitution made by the Janata Party when it was in power it would not be possible for the Prime Minister to promulgate emergency except on "our dead bodies." The Fairfax probe, the defence and Bofors gun deals, dominated the discussions, with speaker after speaker lashing out at the Centre and the Prime Minister.

With all that Mr. Gurupadaswamy said, he was not demanding the resignation of Mr. Gandhi. Characterising the Government as "Government of corruption by corruption," he said there were more scandals coming and those that had come out had not been unfolded in all their ramifications. He said in the natural course of events Mr. Gandhi, whom he described as "immature and raw without commitment to policies and even to the Government", would make his exit.

PM's "cover-up" bld: Mr. Gurupadaswamy also alleged that Mr. Rajiv Gandhi was trying to cover up the Fairfax episode and the inquiry commission had been given limited terms and full truth would not come out. Those who had committed violations of foreign exchange and had assets in foreign countries would not be brought out in the inquiry.

In the defence deal in which an agent was to have received Rs. 30 crores the Government had not given names as to who had taken the commission. Even in the investigation sought by India into the Bofors gun deal the nature was limited to find out if there were middlemen.

"Why should not the Government of India ask the Swedish Radio and the Swedish bank to find out the truth?"

He told the meeting that he was interviewed by the representative of Swedish Radio and a Swedish newspaper. They said the Swedish Radio had documents and there was evidence to show that prominent Congress leaders and some important defence personnel involved in the negotiations had taken money. But the sources which had supplied the documents had put a condition that it should not be published without their clearance. "I presume that there were kickbacks without middlemen," he observed.

Mr. Gurupadaswamy also averred that there was no need for any apprehension that something unpleasant was happening to the Janata Party in Karnataka (indirectly referring to the reported dissatisfaction in a section of the party after the recent Cabinet expansion). There was no crisis of any sort. However, he was not denying that there were some problems for the party which were minor ones and which could be solved. Karnataka would remain the main bastion of the party for many years to come, he added.

Mr. Samarendra Kundu, former Union Minister, criticised the Prime Minister for his failure to visit Orissa and "wipe the tears of the famine stricken people."

Prof. Jaswant Singh, general secretary of the Delhi Pradesh Janata Party, said he had not met any one in Punjab who believed in the concept of Khalistan. He alleged that in the name of terrorists innocent people were being killed and a slanderous and vilification campaign had been let loose against patriotic people of the country.

Mr. Kalivaradan of Tamil Nadu wanted steps to be taken to wipe the tears of the Tamils in Sri Lanka.

Mr. Ramachandra Rao of Andhra Pradesh wanted to know whether the party was trying to project itself as an alternative to the Congress (I). It was not enough if it was a viable alternative, but it should be a credible alternative.

Sardar Kripal Singh, president of the Punjab unit of the party, said concrete steps should be taken to win the confidence of the Sikhs.

Mr. Chandrasekharan, Kerala Minister, traced the political developments in Kerala and factors which led to LDF victory. The results of Kerala elections were good for the country and were a pointer of the results of the future elections to Assemblies in other States he said.

## JNP 'To Restore' Democracy

Bombay THE TIMES OF INDIA in English 2 May 87 p 3

[Text]

BANGALORE, May 1 (UNI).

**T**HE Janata Party will strongly resist any move to promulgate emergency, the party general secretary, Mr Bapu Kaldate, said here today.

Moving the resolution on the state of nation at the party's national convention coinciding with the Janata Party's tenth anniversary, Mr Kaldate said the party was caught unawares in 1975 when the emergency was promulgated.

He alleged that the Prime Minister, Mr Rajiv Gandhi, had proved to be worse than his mother and was out to destroy the people's confidence and create a fear psychosis among them. He asked his partymen to take a pledge to "wage a relentless war to restore democracy in the country."

Mr Kaldate said that a series of events in the recent past pointed to the situation that existed in the pre-emergency days.

Mr Gandhi was out to "sell the country to foreign powers and concentrate wealth in a few hands" in the name of modernisation and taking the country to the 21st century. He was not interested in the welfare of the people, he alleged.

Referring to the education system, he said the entire system was top-down and designed to benefit a minority living in urban areas. Citing the glaring imbalances in the education system, he said the urban youth enjoyed the benefits of modern gadgets such as television and computer, while the "operation blackboard" was now being launched in the rural areas. He

demanded equality and uniformity in extending education to the masses.

The party's Tajil Nade unit leader, Mr Era Serhiyan, who seconded the resolution, said the Janata Party was the only party which could save the country and safeguard democracy.

Mr Jaipal Reddy, MP (AP) alleged that the Congress had spent about Rs. 600 crores after Mrs Indira Gandhi's death for the party's activities and Rs. 12 crores alone on advertisements in various newspapers. All this money came from Swiss banks, he charged.

He said the Congress was earlier involved in "patriotic corruption" by collecting funds from industrial houses but now, it had resorted to "unpatriotic" ways of corruption.

Mr Gandhi had made the country weak and his continuance in power was a threat to the unity of the country. He should be removed constitutionally by mobilising public opinion against his style of functioning, he said.

**CONSENSUS PRESIDENT (PTI):**

Mr Ramakrishna Hegde on Friday said that choosing a consensus candidate as President would be conducive to the smooth relationship between the head of state and government.

He said that the President should be elected with the mutual agreement of all political parties. Even if elected with the support of a single political party, he should rise above party politics, Mr Hegde added.

He said the matter of selecting a candidate for the post had not come up at the recent meeting of non-Congress chief ministers.

## Meeting Ends

Bombay THE TIMES OF INDIA in English 2 May 87 p 15

[Text]

BANGALORE, May 1.

**T**HE national council of the Janata Party will arouse the people against the "corrupt" Rajiv Gandhi government in cooperation with other progressive and democratic parties.

A consensus to this effect emerged at the end of the two day meeting of the council which concluded at the Chowdaiah Memorial hall.

Winding up the discussions on the note on "state of the nation" of the council, Prof Madhu Dandavate, leader of the party's parliamentary group, however, rejected the demand from some members that the national council should specifically ask for the resignation of the Central government. He said the note is quite clear that Mr Gandhi had no moral right to continue in office and that his continuance is a threat to the nation's unity and integrity.

It has also been decided to observe countrywide protest week from May 18 to highlight corruption in high places. The party would enlist the cooperation of other progressive forces in its struggle against the Central government. He said the party would not look to the President to take action against the government. It would "arouse and awake" the people against the misdeeds of the government through con-

tinued struggle.

In this context, he also did not accept the suggestion of the former foreign minister, Mr Samraandru Kundu, for calling a "Bharath bandh" on this issue. There was no point in taking a militant stand at this stage since the other opposition parties should also be taken into confidence over such a move.

He also accepted the amendment moved by Prof Jaswant Singh, general secretary of the Delhi Pradesh Janata party on the Ranganath Mishra Commission appointed to probe into the anti-Sikh riots in Delhi in 1984. Mr Singh had contended that the commission had failed to identify the guilty due to its "delayed appointment and motivated and ill conceived terms of reference".

The party president, Mr Chandra Shekhar, in his concluding remarks said a sub committee has been formed to go into the party constitution and the committee would consider the suggestions made regarding the private member resolutions. The private member resolutions could not be taken up by the council due to lack of time.

Several members who participated in the discussions felt that the party was adopting "soft line" in not directly demanding the resignation of Mr Rajiv Gandhi. Mr Basant Upadhyaya from UP and others echoed such a demand. However, Mr M. S. Guruswamy, a senior leader of the party said, it was a question of time before the Rajiv Gandhi government which existed "of corruption and by corruption" went on its own. He said Mr Gandhi was "immature, hasty and emotional and had no commitment to any thing including his own government. "He can't last long" he said. Two Swedish journalists had told him that there was documentary evidence that the Bofors had paid money to the congress people. He said there might not have been middlemen in the deal. But this did not mean that there were no kick backs.

Mr Guruswamy also referred to the "minor problem" following the cabinet expansion in Karnataka. He said some national council members might entertain fears that this was a serious situation. There was no denying the fact that some problems were

"troubling our minds. But these were minor problems that arise in any democratic party and we will solve them".

Kerala minister Mr Chandrashekhar said that the victory of LDF in Kerala had ended the supremacy of communal politics in the state. The polarisation of political forces in Kerala should serve as an example for the rest of the country. He also underscored the need for discipline in the party and asked the President to handle this issue with "a heavy hand". Mr Sridharan, President of Kerala Janata Party wanted the party to align with progressive forces.

Mrs Mrinal Gore (Maharashtra) said the party should be cautious about alliances where the Janata Party would be taken for a ride by the bigger parties in the alliance.

Mr Dulal Bharaui of Assam said the party could not provide a viable alternative to the Congress unless it got rid of groupism within the party. Mr Chabil Das Mehta (Gujarat) said the party could not call itself secular if it allowed its members to practice hate in Ramjanmabhoomi or Babri Masjid agitation committee.

Mrs Sushma Shrama President of Himachal Pradesh Janata Party said that Mr Rajiv Gandhi who had ventured to clean the Ganga should first clean his government of corruption. Mr Samarendra Kundu called for special assistance to backward states. Mr Kaljivardhan (Tamil Nadu) said the 1977 spirit should be revived now to remove the Rajiv Gandhi government. Mr Ramchandra of Andhra Pradesh wondered whether the experiment in Kerala and West Bengal would work in respect of Central government. Any alternative to the Congress should be a credible one.

## COUNTRY'S PROGRESS IN SUPERCOMPUTER DEVELOPMENT TOLD

Bombay THE TIMES OF INDIA in English 11 May 87 p 9

[Text]

NEW DELHI, May 10 (PTI).

**I**NDIA now runs neck and neck with technologically advanced countries in the development of high-temperature superconductors with zero electrical resistance that can revolutionise the electronics and computer industry.

While in Japan, the United States and China, scientists have developed a new class of material exhibiting superconductivity at 70°K (kelvin is a unit of absolute temperature for the coldest temperature conceivable), Indian scientists moved a step further by achieving the feat at a close of 95°K (minus 178° celsius).

Dr L. S. Srinath, director, Indian Institute of Technology, Madras, says IIT had developed new alloys based on rare earth elements like dysprosium, holmium, erbium, thulium and Ytterbium, which are abundantly available in India. "The alloys exhibit zero resistance at 95° Kelvin", he said.

The discovery, most scientists believe, can lead to incredible savings in energy: trains that run hundreds of kilometres per hour on a cushion of magnetism, practical electric cars, powerful, yet smaller computers and particle accelerators, safe reactors operating on nuclear fusion rather than fission and a host of other rewards.

Besides, it would be possible to make wires with these materials to reduce transmission loss in electricity transfer and also to produce huge magnets for industrial application. Again, the superconducting materials could be employed in the manufacture of supercomputers, according to the scientists.

The IIT, the scientists say, has fabricated a simple device for testing a sample in five minutes to screen a large

number of compounds for superconductivity at and above 77° kelvin. It has developed 50 new alloys based on the rare earth-barium-copper-oxygen system.

Simultaneously, scientists at the Tata Institute of Fundamental Research in Bombay have synthesised the oxide superconductors and also claim to have isolated the pure form showing zero resistance at 90°K.

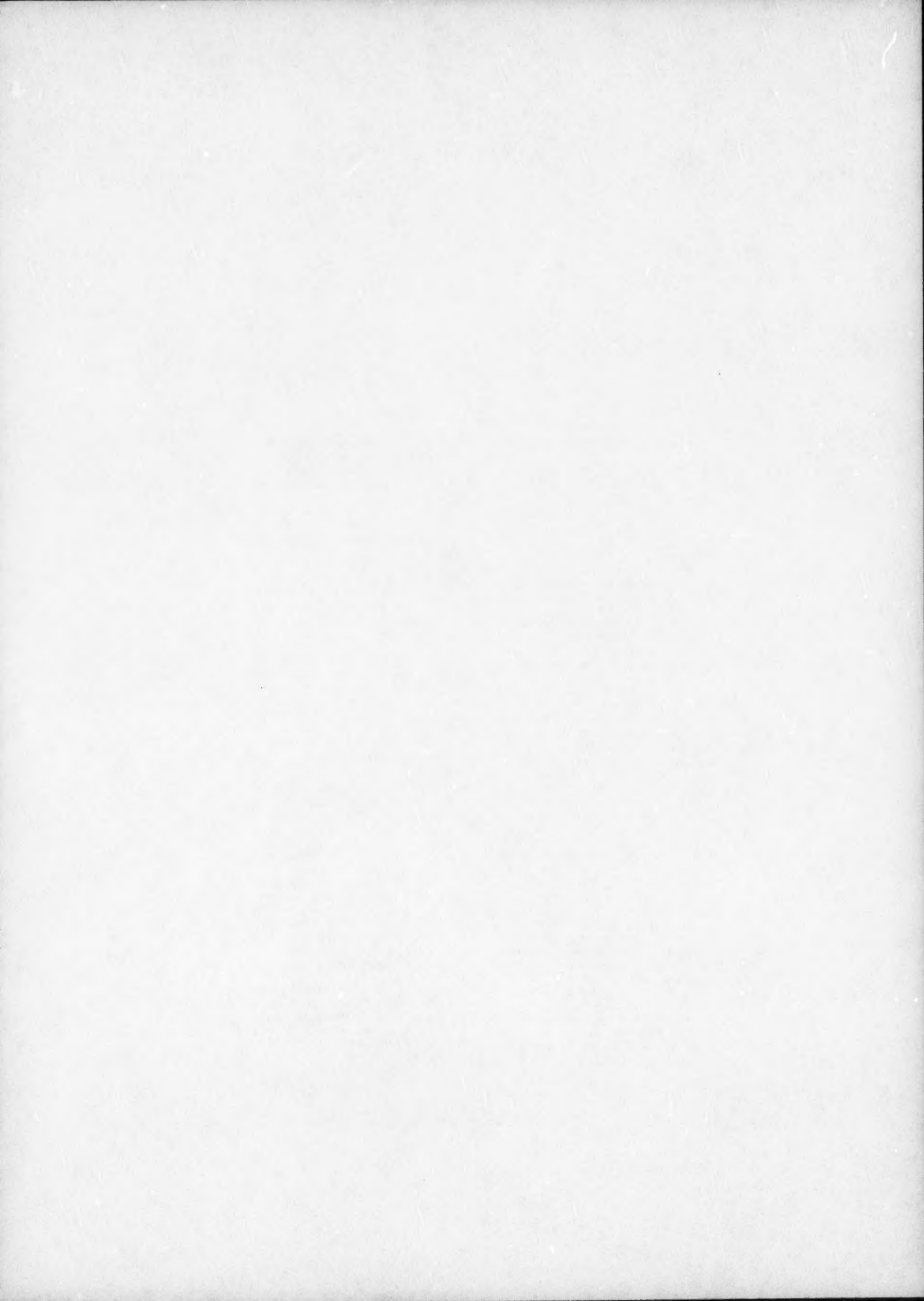
Elsewhere in the world, progress in superconductivity research is growing with astounding speed. Japanese researchers have produced high-temperature ceramic superconductors and fashioned the material into disc, tapes and wires. Researchers in other countries have begun concocting a different class of materials that become superconductors at significantly higher temperature-levels that, while still beyond the reach of a kitchen refrigerator, are easier and less costly to attain.

Superconductivity involves a remarkable transition that occurs in many metals when they are cooled to temperatures within several degrees of absolute zero, or, as scientists prefer to designate it, zero kelvin. Absolute zero, equivalent to minus 273° celsius, represents total absence of heat.

As the metals approach this frigid limit, the scientists say, they suddenly lose all their electrical resistance and become superconductors. This enables them to carry currents without the loss of any energy and in some cases, to generate immensely powerful magnetic fields.

According to Dr C. N. R. Rao, director, Indian Institute of Science, Bangalore, work is already under way in his institute to make wires and ribbons out of the ceramic superconductors.







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